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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2022

or

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

For the transition period from ___________ to ___________

Commission File Number 001-36486

CDK Global, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	46-5743146
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1950 Hassell Road, Hoffman Estates, IL	60169
(Address of Principal Executive Offices)	(Zip Code)

(847) 397-1700

Registrant's Telephone Number, Including Area Code

____

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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	CDK	NASDAQ Global Select Market

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, 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 pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's common stock as of April 29, 2022 was 116,699,802.

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

CDK Global, Inc.
Consolidated Statements of Operations
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Revenue	$ 459.7	$ 433.1	$ 1,336.4	$ 1,253.1
Expenses:				
Cost of revenue	241.2	221.3	697.8	653.7
Selling, general and administrative expenses	98.6	90.2	295.3	263.8
Litigation provision	—	—	—	12.0
Total expenses	339.8	311.5	993.1	929.5
Operating earnings	119.9	121.6	343.3	323.6
Interest expense	(22.3)	(32.2)	(66.0)	(101.2)
Gain (loss) on extinguishment of debt	—	(2.2)	2.1	(2.2)
Loss from equity method investment	(3.0)	(19.6)	(5.6)	(24.8)
Other income, net	1.4	3.6	8.4	32.3
Earnings before income taxes	96.0	71.2	282.2	227.7
Provision for income taxes	(25.9)	(24.1)	(75.1)	(73.8)
Net earnings from continuing operations	70.1	47.1	207.1	153.9
Net (loss) earnings from discontinued operations	(2.4)	815.8	(0.3)	837.1
Net earnings	67.7	862.9	206.8	991.0
Less: net earnings attributable to noncontrolling interest	1.6	2.0	5.3	6.1
Net earnings attributable to CDK	$ 66.1	$ 860.9	$ 201.5	$ 984.9
Net earnings (loss) attributable to CDK per share - basic:				
Continuing operations	$ 0.58	$ 0.37	$ 1.70	$ 1.21
Discontinued operations	(0.02)	6.69	—	6.87
Total net earnings attributable to CDK per share - basic	$ 0.56	$ 7.06	$ 1.70	$ 8.08
Net earnings (loss) attributable to CDK per share - diluted:				
Continuing operations	$ 0.58	$ 0.36	$ 1.68	$ 1.21
Discontinued operations	(0.02)	6.64	—	6.83
Total net earnings attributable to CDK per share - diluted	$ 0.56	$ 7.00	$ 1.68	$ 8.04
Weighted average common shares outstanding:				
Basic	117.1	122.0	118.8	121.9
Diluted	118.1	122.9	119.7	122.5

See notes to the consolidated financial statements.

CDK Global, Inc.
Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Net earnings	$ 67.7	$ 862.9	$ 206.8	$ 991.0
Total other comprehensive income (loss):				
Currency translation adjustments	0.5	37.6	(1.5)	98.0
Unrealized gain on available-for-sale security	—	—	0.2	—
Total other comprehensive income (loss)	0.5	37.6	(1.3)	98.0
Comprehensive income	68.2	900.5	205.5	1,089.0
Less: comprehensive income attributable to noncontrolling interest	1.6	2.0	5.3	6.1
Comprehensive income attributable to CDK	$ 66.6	$ 898.5	$ 200.2	$ 1,082.9

See notes to the consolidated financial statements.

CDK Global, Inc.
Consolidated Balance Sheets
(In millions, except par values)
(Unaudited)

	March 31, 2022	June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 120.3	$ 157.0
Accounts receivable, net	241.6	236.4
Other current assets	145.6	168.9
Total current assets	507.5	562.3
Property, plant and equipment, net of accumulated depreciation of $244.6 and $236.4, respectively	73.4	71.8
Other assets	479.8	448.7
Goodwill	1,438.2	1,297.1
Intangible assets, net	383.7	332.7
Total assets	$ 2,882.6	$ 2,712.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt and finance lease liabilities	$ 10.2	$ 7.1
Accounts payable	25.9	29.0
Accrued expenses and other current liabilities	226.8	188.1
Litigation liability	34.0	34.0
Accrued payroll and payroll-related expenses	79.5	81.5
Deferred revenue	28.2	28.6
Total current liabilities	404.6	368.3
Long-term liabilities:		
Debt and finance lease liabilities	1,777.6	1,586.5
Deferred income taxes	117.2	111.4
Deferred revenue	37.0	40.4
Other liabilities	99.4	111.1
Total liabilities	2,435.8	2,217.7
Stockholders' Equity:		
Preferred stock, $0.01 par value: 50.0 shares authorized; none issued and outstanding	—	—
Common stock, $0.01 par value: 650.0 shares authorized; 160.3 and 160.3 shares issued, respectively; 116.7 and 121.5 shares outstanding, respectively	1.6	1.6
Additional paid-in capital	733.3	715.1
Retained earnings	2,144.4	1,997.4
Treasury stock, at cost: 43.6 and 38.8 shares, respectively	(2,517.9)	(2,306.0)
Accumulated other comprehensive income	71.4	72.7
Total CDK stockholders' equity	432.8	480.8
Noncontrolling interest	14.0	14.1
Total stockholders' equity	446.8	494.9
Total liabilities and stockholders' equity	$ 2,882.6	$ 2,712.6

See notes to the consolidated financial statements.

CDK Global, Inc.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021
Cash Flows from Operating Activities		
Net earnings	$ 206.8	$ 991.0
Less: net (loss) earnings from discontinued operations	(0.3)	837.1
Net earnings from continuing operations	207.1	153.9
Adjustments to reconcile net earnings from continuing operations to cash flows provided by operating activities, continuing operations:		
Depreciation and amortization	91.7	71.1
(Gain) loss on extinguishment of debt	(2.1)	2.2
Loss from equity method investment	5.6	24.8
Deferred income taxes	1.3	0.7
Stock-based compensation expense	45.6	31.7
Other	5.5	7.0
Changes in assets and liabilities, net of effect from acquisitions of businesses:		
Accounts receivable	(3.3)	(5.1)
Other assets	(7.4)	(43.8)
Accounts payable	(10.6)	(4.8)
Accrued expenses and other liabilities	(8.9)	16.2
Net cash flows provided by operating activities, continuing operations	324.5	253.9
Net cash flows provided by (used in) operating activities, discontinued operations	(2.1)	6.9
Net cash flows provided by operating activities	322.4	260.8
Cash Flows from Investing Activities		
Capital expenditures	(10.8)	(15.2)
Capitalized software	(83.7)	(51.0)
Acquisitions of businesses, net of cash acquired	(154.2)	(18.1)
Net cash flows used in investing activities, continuing operations	(248.7)	(84.3)
Net cash flows provided by investing activities, discontinued operations	1.9	1,380.9
Net cash flows provided by (used in) investing activities	(246.8)	1,296.6
Cash Flows from Financing Activities		
Net proceeds (repayments) from revolving credit facilities	190.0	(15.0)
Repayments of long-term debt and lease liabilities	(5.7)	(578.0)
Dividends paid to stockholders	(53.3)	(54.8)
Repurchases of common stock	(229.1)	—
Proceeds from exercises of stock options	—	2.1
Withholding tax payments for stock-based compensation awards	(8.9)	(4.5)
Dividend payments to noncontrolling owners	(5.4)	(6.2)
Net cash flows used in financing activities, continuing operations	(112.4)	(656.4)
Net cash flows used in financing activities, discontinued operations	—	—
Net cash flows used in financing activities	(112.4)	(656.4)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash, including cash classified as current assets held for sale	(0.7)	21.1

Net change in cash, cash equivalents, and restricted cash, including cash classified as current assets held for sale	(37.5)	922.1
Net change in cash classified in current assets held for sale	—	134.9
Net change in cash, cash equivalents, and restricted cash	(37.5)	1,057.0
Cash, cash equivalents, and restricted cash, beginning of period	177.2	97.3
Cash, cash equivalents, and restricted cash, end of period	$ 139.7	$ 1,154.3

	Nine Months Ended March 31,	
	2022	2021
Reconciliation of cash, cash equivalents, and restricted cash to the Consolidated Balance Sheets		
Cash and cash equivalents	$ 120.3	$ 1,131.8
Restricted cash in funds held for clients included in other current assets	19.4	22.5
Total cash, cash equivalents, and restricted cash	$ 139.7	$ 1,154.3
Supplemental Disclosures		
Cash paid for:		
Income taxes and foreign withholding taxes, net of refunds, continuing operations	$ 52.9	$ 62.7
Interest	56.1	81.7
Non-cash investing and financing activities, continuing operations:		
Capitalized property and equipment obtained under lease	11.3	12.7
Lease liabilities incurred	(11.3)	(12.7)
Capital expenditures and capitalized software, accrued not paid	7.3	0.3

See notes to the consolidated financial statements.

CDK Global, Inc.
Consolidated Statements of Stockholders' Equity
(In millions)
(Unaudited)

Three Months Ended March 31, 2022

	Common Stock								
	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total CDK Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
Balance as of December 31, 2021	160.3	$ 1.6	$ 719.8	$ 2,096.1	$ (2,486.0)	$ 70.9	$ 402.4	$ 14.0	$ 416.4
Net earnings	—	—	—	66.1	—	—	66.1	1.6	67.7
Foreign currency translation adjustments	—	—	—	—	—	0.5	0.5	—	0.5
Stock-based compensation expense and related dividend equivalents	—	—	15.9	(0.3)	—	—	15.6	—	15.6
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—	(2.4)	—	1.6	—	(0.8)	—	(0.8)
Dividends paid to stockholders ($0.15 per share)	—	—	—	(17.5)	—	—	(17.5)	—	(17.5)
Repurchases of common stock	—	—	—	—	(33.5)	—	(33.5)	—	(33.5)
Dividend payments to noncontrolling owners	—	—	—	—	—	—	—	(1.6)	(1.6)
Balance as of March 31, 2022	160.3	$ 1.6	$ 733.3	$ 2,144.4	$ (2,517.9)	$ 71.4	$ 432.8	$ 14.0	$ 446.8

Three Months Ended March 31, 2021

	Common Stock								
	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total CDK Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
Balance as of December 31, 2020	160.3	$ 1.6	$ 696.3	$ 1,124.4	$ (2,295.3)	$ 34.5	$ (438.5)	$ 13.3	$ (425.2)
Net earnings	—	—	—	860.9	—	—	860.9	2.0	862.9
Foreign currency translation adjustments	—	—	—	—	—	37.6	37.6	—	37.6
Stock-based compensation expense and related dividend equivalents	—	—	9.3	(0.4)	—	—	8.9	—	8.9
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—	(0.6)	—	0.4	—	(0.2)	—	(0.2)
Dividends paid to stockholders ($0.15 per share)	—	—	—	(18.3)	—	—	(18.3)	—	(18.3)
Balance as of March 31, 2021	160.3	$ 1.6	$ 705.0	$ 1,966.6	$ (2,294.9)	$ 72.1	$ 450.4	$ 15.3	$ 465.7

See notes to the consolidated financial statements.

CDK Global, Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
(In millions)
(Unaudited)

Nine Months Ended March 31, 2022

	Common Stock															
	Shares Issued	Amount		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Accumulated Other Comprehensive Income		Total CDK Stockholders' Equity		Non-controlling Interest		Total Stockholders' Equity
Balance as of June 30, 2021	160.3	$ 1.6	$	715.1	$	1,997.4	$	(2,306.0)	$	72.7	$	480.8	$	14.1	$	494.9
Net earnings	—	—		—		201.5		—		—		201.5		5.3		206.8
Foreign currency translation adjustments	—	—		—		—		—		(1.5)		(1.5)		—		(1.5)
Unrealized gain on available-for-sale security	—	—		—		—		—		0.2		0.2		—		0.2
Stock-based compensation expense and related dividend equivalents	—	—		44.3		(1.2)		—		—		43.1		—		43.1
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—		(26.1)		—		17.2		—		(8.9)		—		(8.9)
Dividends paid to stockholders ($0.45 per share)	—	—		—		(53.3)		—		—		(53.3)		—		(53.3)
Repurchases of common stock	—	—		—		—		(229.1)		—		(229.1)		—		(229.1)
Dividend payments to noncontrolling owners	—	—		—		—		—		—		—		(5.4)		(5.4)
Balance as of March 31, 2022	160.3	$ 1.6	$	733.3	$	2,144.4	$	(2,517.9)	$	71.4	$	432.8	$	14.0	$	446.8

Nine Months Ended March 31, 2021

	Common Stock															
	Shares Issued	Amount		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Accumulated Other Comprehensive Income		Total CDK Stockholders' Equity		Non-controlling Interest		Total Stockholders' Equity
Balance as of June 30, 2020	160.3	$ 1.6	$	687.9	$	1,045.5	$	(2,305.2)	$	(25.9)	$	(596.1)	$	15.4	$	(580.7)
Cumulative impact of ASC 326 - current expected credit losses, net of tax	—	—		—		(8.2)		—		—		(8.2)		—		(8.2)
Net earnings	—	—		—		984.9		—		—		984.9		6.1		991.0
Foreign currency translation adjustments	—	—		—		—		—		98.0		98.0		—		98.0
Stock-based compensation expense and related dividend equivalents	—	—		29.8		(0.8)		—		—		29.0		—		29.0
Common stock issued for the exercise and vesting of stock-based compensation awards, net	—	—		(12.7)		—		10.3		—		(2.4)		—		(2.4)
Dividends paid to stockholders ($0.45 per share)	—	—		—		(54.8)		—		—		(54.8)		—		(54.8)
Dividend payments to noncontrolling owners	—	—		—		—		—		—		—		(6.2)		(6.2)
Balance as of March 31, 2021	160.3	$ 1.6	$	705.0	$	1,966.6	$	(2,294.9)	$	72.1	$	450.4	$	15.3	$	465.7

See notes to the consolidated financial statements.

Note 1. Basis of Presentation

Description of Business. CDK Global, Inc. (the "Company" or "CDK") is a leading provider of retail technology and software as a service ("SaaS") solutions that help dealers and auto manufacturers run their businesses more efficiently, drive improved profitability and create frictionless purchasing and ownership experiences for consumers. Today, CDK serves over 15,000 retail locations in North America.

Basis of Preparation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect assets, liabilities, revenue, and expenses that are reported in the accompanying financial statements and footnotes thereto. Actual results may differ from those estimates and assumptions.

The accompanying consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods. Interim financial results are not necessarily indicative of financial results for a full year. The financial statements in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021 (the "Annual Report").

Note 2. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in the aforementioned Annual Report. Included below are certain updates to those policies.

Funds Receivable and Funds Held for Clients and Client Fund Obligations. Funds receivable and funds held for clients represent amounts received or expected to be received from clients in advance of performing titling and registration services on behalf of those clients. These amounts are classified in other current assets on the Consolidated Balance Sheets. The total amount due to remit for titling and registration obligations with the department of motor vehicles is recorded to client fund obligations which is classified as accrued expenses and other current liabilities on the Consolidated Balance Sheets. Funds receivable was $42.0 million and $42.7 million, and funds held for clients was $19.4 million and $20.2 million as of March 31, 2022 and June 30, 2021, respectively. Client fund obligations were $61.4 million and $62.9 million as of March 31, 2022 and June 30, 2021, respectively.

Internal Use Software and Computer Software to be Sold, Leased, or Otherwise Marketed. The Company incurred expenses to research, develop, and deploy new and enhanced solutions of $23.6 million and $19.4 million for the three months ended March 31, 2022 and 2021, respectively, and $59.7 million and $55.7 million for the nine months ended March 31, 2022 and 2021, respectively. These expenses were classified in cost of revenue on the Consolidated Statements of Operations. Additionally, the Company had cash flows used for qualifying capitalized software development cost of $83.7 million and $51.0 million for the nine months ended March 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments. Cash and cash equivalents, accounts receivable, other current assets, accounts payable, and other current liabilities are reflected on the Consolidated Balance Sheets at cost, which approximates fair value due to the short-term nature of these instruments. The carrying value of the Company's revolving credit facility (as described in Note 10 - Debt), including accrued interest, approximates fair value based on the Company's current estimated incremental borrowing rate for similar types of arrangements.

Investments. The carrying amount of equity investments, included in other assets on the Consolidated Balance Sheets include $21.0 million and $20.0 million as of March 31, 2022 and June 30, 2021, respectively, related to equity investments that are accounted for under the cost method as they do not have a readily determinable fair value. The remaining investments, which are accounted for under the equity method, totaled $25.3 million and $30.4 million as of March 31, 2022 and June 30, 2021, respectively.

Note 3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements. In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," ("ASU 2019-12"), which simplifies the accounting for income taxes in various areas. ASU 2019-12 is effective for public business entities for fiscal years beginning after December 15, 2020, including interim periods therein. The Company adopted ASU 2019-12 on July 1, 2021. The adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts With Customers" ("ASU 2021-08"). ASU 2021-08 requires companies to apply "Revenue from Contracts with Customers (Topic 606)" ("ASC 606") when recognizing and measuring contract assets and contract liabilities acquired in a business combination. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years. Early adoption is permitted. The Company elected to adopt ASU 2021-08 effective October 1, 2021. ASU 2021-08 will apply to all business combinations that occur during fiscal year ended June 30, 2022. The adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements. In July 2021, the FASB issued ASU No. 2021-05 "Leases (Topic 842): Lessors — Certain Leases with Variable Lease Payments," ("ASU 2021-05"). ASU 2021-05 requires lessors to classify leases as operating leases if they have variable lease payments that do not depend on an index or rate and would have selling losses if they were classified as sales-type or direct financing leases. ASU 2021-05 is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The Company does not expect the adoption to have a material impact on its consolidated financial statements.

Note 4. Discontinued Operations

International Business. On March 1, 2021, the Company completed its sale of the CDK International business ("International Business") to Francisco Partners. The Company provided limited services to Francisco Partners to assist in the integration of the International Business through February 2022. The financial results are presented in net earnings from discontinued operations in the Consolidated Statements of Operations for all periods presented.

Digital Marketing Business. On April 21, 2020, the Company completed its sale of the Digital Marketing Business to Sincro LLC, a newly formed company owned by Ansira Partners, Inc., which is a subsidiary of Advent International.

The following table summarizes the comparative financial results of discontinued operations which are presented in net earnings from discontinued operations in the Consolidated Statements of Operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Revenue	$ —	$ 62.9	$ —	$ 223.5
Cost of revenue	—	25.4	—	100.8
Selling, general and administrative expenses	0.2	37.3	0.9	83.6
Restructuring expenses	—	—	—	11.2
Operating earnings (loss)	(0.2)	0.2	(0.9)	27.9
Interest expense	—	—	—	(0.1)
Other income, net	—	2.2	—	2.5
Earnings (loss) before income taxes	(0.2)	2.4	(0.9)	30.3
Gain on sale of the International Business	—	965.6	1.9	965.6
Provision for income taxes	(2.2)	(157.2)	(1.3)	(164.6)
Net earnings (loss) from discontinued operations - International Business	$ (2.4)	$ 810.8	$ (0.3)	$ 831.3
Net earnings from discontinued operations - Digital Marketing Business	$ —	$ 5.0	$ —	$ 5.8
Net earnings (loss) from discontinued operations	$ (2.4)	$ 815.8	$ (0.3)	$ 837.1

Note 5. Acquisition

Salty Dot, Inc. On October 1, 2021, the Company acquired all of the outstanding equity of Salty Dot, Inc.("Salty"), a privately held automobile insurance technology solution provider. The acquisition is being recorded using the acquisition method of accounting, which requires, among other things, the assets acquired and liabilities assumed to be recognized at their respective fair values as of the acquisition date. Under the acquisition method, total consideration was determined to be $181.6 million, subject to customary adjustments. Total consideration includes the fair value of contingent payments. The fair value of contingent payments, determined using an option pricing model, was estimated at $23.7 million as of the acquisition date. The range of contingent payments is zero to $147.0 million with the final amount dependent on the achievement of certain revenue and gross margin milestones over the 3-year period following acquisition.

The following table summarizes the amounts recognized for assets acquired and liabilities assumed as of the acquisition date, subject to the finalized purchase price allocation:

Cash and cash equivalents	$	6.2
Intangible assets		38.1
Other assets		0.9
Other liabilities		(4.7)
Total identifiable net assets	$	40.5
Goodwill		141.1
Total consideration	$	181.6

The intangible assets acquired primarily relate to software that is being amortized over a useful life of 8 years. The goodwill resulting from this acquisition reflects expected synergies resulting from adding Salty products and processes to the Company's portfolio. The acquired goodwill is not deductible for tax purposes.

The results of operations for Salty has been included in the Consolidated Statements of Operations from the date of acquisition.

Note 6. Revenue

Contract Balances

Accounts Receivable

A receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. The Company receives payments from customers based upon contractual billing schedules. Payment terms can vary by contract, but the period between invoicing and when payments are due is not significant. The timing of revenue recognition may differ from the timing of invoicing to customers. Included in accounts receivable on the Consolidated Balance Sheets are unbilled receivable balances which have not yet been invoiced. As of March 31, 2022, the balance of accounts receivable, net of allowances for doubtful accounts, was $241.6 million, inclusive of unbilled receivables of $1.5 million. As of June 30, 2021, the balance of accounts receivable, net of allowances for doubtful accounts, was $236.4 million, inclusive of unbilled receivables of $1.8 million.

Contract Assets

A contract asset is recognized when a conditional right to consideration exists and transfer of control has occurred. Contract assets are typically related to subscription contracts where the transaction price allocated to the satisfied performance obligation exceeds the value of billings to-date. Contract assets are reported in a net position on a contract-by-contract basis and are included in other current assets for the current portion and other assets for the long-term portion on the Consolidated Balance Sheets. The Company regularly reviews contract asset balances for impairment, considering factors such as historical experience, credit-worthiness, age of the balance, and other economic or business factors. Refer to Note 8 – Allowance for Credit Losses for more information about credit losses. Contract asset impairments were not significant in the nine months ended March 31, 2022 and 2021. Contract assets were $60.0 million and $64.3 million as of March 31, 2022 and June 30, 2021, respectively.

Deferred Revenue

The Company's deferred revenue primarily consists of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services. Deferred revenue is reported in a net position on a contract-by-contract basis at the end of each reporting period. As of March 31, 2022 and June 30, 2021, the deferred revenue balance was $65.2 million and $69.0 million, respectively. For the nine months ended March 31, 2022 and 2021, the Company recognized revenue of $61.8 million and $75.0 million, respectively, related to its deferred revenue.

Remaining Performance Obligations. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following information represents the total transaction price for the remaining performance obligations as of March 31, 2022 related to non-cancelable contracts, including contracts less than one year in duration, that is expected to be recognized over future periods. In each case the fiscal period represents the year ended June 30.

As of March 31, 2022, the Company had $2.6 billion of remaining performance obligations which represent contracted revenue that has not yet been recognized. The Company expects to recognize approximately $310.0 million of the remaining performance obligations as revenue during the remainder of the fiscal year ending June 30, 2022 ("fiscal 2022"), $880.0 million for fiscal 2023, $650.0 million for fiscal 2024, $410.0 million for fiscal 2025, $250.0 million for fiscal 2026, and $70.0 million thereafter. The remaining performance obligations exclude future transaction revenue where revenue is recognized as the services are rendered and in the amount to which the Company has the right to invoice.

Costs to Obtain and Fulfill a Contract. The Company capitalizes certain contract acquisition costs consisting primarily of commissions incurred when contracts are signed. The Company does not capitalize commissions related to contracts with a duration of less than one year; such commissions are expensed in selling, general and administrative expenses when incurred. Costs to fulfill contracts are capitalized when such costs are direct and related to transition or installation activities for hosted software solutions. Capitalized costs to fulfill contracts primarily include travel and employee compensation and benefit related costs for the Company's implementation and training teams. Capitalized costs to obtain a contract and most costs to fulfill a contract are amortized over a period of five years which represents the expected period of benefit of these costs. In instances where the contract term is significantly less than five years, costs to fulfill are amortized over the contract term which the Company believes best reflects the period of benefit of these costs.

As of March 31, 2022 and June 30, 2021, the Company capitalized contract acquisition and fulfillment costs of $217.7 million and $195.7 million, respectively. The Company expects that incremental commission fees incurred as a result of obtaining contracts and fulfillment costs are recoverable. During the nine months ended March 31, 2022 and 2020, the Company recognized cost amortization of $59.8 million and $54.9 million, respectively, and there were no significant impairment losses.

Revenue Disaggregation. The following table presents revenue by category for the three and nine months ended March 31, 2022 and 2021:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Subscription	$ 356.6	$ 332.1	$ 1,051.0	$ 984.3
Transaction	40.8	43.3	121.9	126.3
Other	62.3	57.7	163.5	142.5
Total Revenue	$ 459.7	$ 433.1	$ 1,336.4	$ 1,253.1

The Company recognizes subscription revenue over time and substantially all transaction and other revenue at a point in time.

Note 7. Earnings per Share

The numerator for basic and diluted earnings per share is net earnings attributable to CDK. The denominator for basic and diluted earnings per share is based on the weighted average number of shares of the Company's common stock outstanding during the applicable reporting periods. Diluted earnings per share also reflects the dilutive effect of unexercised in-the-money stock options and unvested restricted stock.

The following table summarizes the components of earnings per share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Net earnings from continuing operations attributable to CDK	$ 68.5	$ 45.1	$ 201.8	$ 147.8
Net (loss) earnings from discontinued operations	(2.4)	815.8	(0.3)	837.1
Net earnings attributable to CDK	$ 66.1	$ 860.9	$ 201.5	$ 984.9
Weighted average shares outstanding:				
Basic	117.1	122.0	118.8	121.9
Effect of dilutive securities [1]	1.0	0.9	0.9	0.6
Diluted	118.1	122.9	119.7	122.5
Net earnings (loss) attributable to CDK per share - basic:				
Continuing operations	$ 0.58	$ 0.37	$ 1.70	$ 1.21
Discontinued operations	(0.02)	6.69	—	6.87
Total net earnings attributable to CDK per share - basic	$ 0.56	$ 7.06	$ 1.70	$ 8.08
Net earnings (loss) attributable to CDK per share - diluted:				
Continuing operations	$ 0.58	$ 0.36	$ 1.68	$ 1.21
Discontinued operations	(0.02)	6.64	—	6.83
Total net earnings attributable to CDK per share - diluted	$ 0.56	$ 7.00	$ 1.68	$ 8.04

[1] The dilutive effect of outstanding stock options, restricted stock units, restricted stock, and performance share units is reflected in the diluted weighted average shares outstanding using the treasury stock method.

The weighted average number of shares outstanding used in the calculation of diluted earnings per share does not include the effect of anti-dilutive securities. The potential common shares excluded were 1.5 million and 0.7 million for the three months ended March 31, 2022 and 2021, respectively, and 1.4 million and 1.0 million for the nine months ended March 31, 2022 and 2021, respectively.

Note 8. Allowance for Credit Losses

Credit loss expense is included in selling, general and administrative expenses in the Consolidated Statements of Operations. The following tables provide a rollforward of the allowance for credit losses that is deducted from the amortized cost basis to present the net amount expected to be collected as of March 31, 2022 and 2021.

	Accounts receivable, net	Other current assets	Other assets	Total
Balance as of June 30, 2021	$ 6.3	$ 0.7	$ 9.2	$ 16.2
Provision (release of provision) for expected credit losses	0.9	(0.1)	1.5	2.3
Write-offs	(4.6)	—	—	(4.6)
Other	0.8	—	—	0.8
Balance as of March 31, 2022	$ 3.4	$ 0.6	$ 10.7	$ 14.7

	Accounts receivable, net	Other current assets	Other assets	Total
Balance as of June 30, 2020	$ 10.6	$ —	$ —	$ 10.6
Cumulative-effect adjustment upon adoption	0.7	0.5	8.2	9.4
Provision (release of provision) for expected credit losses	(2.6)	0.6	1.2	(0.8)
Write-offs	(1.8)	—	—	(1.8)
Other	0.2	—	—	0.2
Balance as of March 31, 2021	$ 7.1	$ 1.1	$ 9.4	$ 17.6

Note 9. Leases

CDK as a Lessor. The Company's hardware-as-a-service arrangements, in which the Company provides customers continuous access to CDK owned hardware, such as networking and telephony equipment and laser printers, are accounted for as sales-type leases under ASU N0. 2016-02 "Leases (Topic 842)" ("ASC 842"), primarily because they do not contain substantive substitution rights. Since the Company elected to not reassess prior conclusions related to arrangements containing leases, the lease classification, and the initial direct costs, only hardware leases that commenced or are modified on or subsequent to July 1, 2019, are accounted for under ASC 842. Historically, the Company has accounted for these arrangements as a distinct performance obligation under the revenue recognition guidance and recognized revenue over the term of the arrangement. Sales-type lease arrangements follow the Company's customary contracting practices and, generally, include a fixed monthly fee for the lease and non-lease components for the duration of the contract term. The Company does not typically provide renewal, termination or purchase options to its customers.

The Company recognizes net investment in sales-type leases based on the present value of the lease receivable when collectability is probable. The Company accounts for lease and non-lease components such as maintenance costs, separately. Consideration is allocated between lease and non-lease components based on stand-alone selling price.

The following summarizes components of net lease income reported in the Consolidated Statements of Operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Revenue [1]	$ 14.8	$ 12.4	$ 48.5	$ 30.7
Cost of revenue	(9.2)	(10.5)	(29.0)	(28.2)
Interest income	1.1	0.6	2.5	1.6
Total lease income	$ 6.7	$ 2.5	$ 22.0	$ 4.1

[1] Revenue from lease components are included in the Other category in the revenue disaggregation table in Note 6 - Revenue.

Note 10. Debt

Long-term debt and finance lease liabilities consisted of:

		March 31, 2022		June 30, 2021	
	Maturity Date	Interest Rate	Amount	Interest Rate	Amount
Credit Facilities					
Revolving credit facility	May 2026	1.957%	$ 190.0		$ —
Total credit facilities			$ 190.0		$ —
Unsecured Senior Notes					
Senior notes, due 2024	October 2024	5.000%	500.0	5.000%	500.0
Senior notes, due 2027	May 2027	4.875%	600.0	4.875%	600.0
Senior notes, due 2029	May 2029	5.250%	500.0	5.250%	500.0
Total unsecured senior notes			1,600.0		1,600.0
Finance lease liabilities			12.8		8.7
Other			—		2.2
Unamortized debt financing costs			(15.0)		(17.3)
Total debt and finance lease liabilities			$ 1,787.8		$ 1,593.6
Less: current maturities of long-term debt and finance lease liabilities			10.2		7.1
Total long-term debt and finance lease liabilities			$ 1,777.6		$ 1,586.5

Credit Facility. The Company has a five-year senior unsecured revolving credit facility (the "revolving credit facility"). The revolving credit facility provides up to $750.0 million of borrowing capacity and includes a sub-limit of up to $100.0 million for loans in euro, pound sterling, and, if approved by the revolving lenders, other currencies. The average outstanding balances of the revolving credit facility were $212.7 million and zero for the three months ended March 31, 2022 and 2021, respectively, and $141.3 million and $58.1 million for the nine months ended March 31, 2022 and 2021, respectively.

Unamortized Debt Financing Costs. Debt financing costs are amortized over the terms of the related debt instruments and recorded to interest expense on the Consolidated Statements of Operations.

Finance Lease Liabilities. The Company has lease agreements for equipment, which are classified as finance lease liabilities. Refer to Note 9 - Leases for scheduled maturities and additional information relating to finance lease liabilities.

Fair Value. The Company's senior notes are considered Level 2 fair value measurements in the fair value hierarchy and the approximate aggregate fair value is based on quoted market prices for similar instruments. The fair value of the revolving credit facility is equal to its carrying value as the Company has the ability to repay the outstanding principal at par value at any time. The approximate fair values and related carrying values of the long-term debt, including current maturities and excluding unamortized debt financing costs, are as follows:

	March 31, 2022	June 30, 2021
Fair value	$ 1,646.4	$ 1,746.8
Carrying value	1,612.8	1,610.9

Note 11. Income Taxes

Provision for Income Taxes. Income tax expense was $25.9 million and $24.1 million for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the provision for income taxes as a percentage of earnings before income taxes, was 27.0% and 33.8% for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate for the three months ended March 31, 2022 differed from the U.S. federal statutory rate of 21.0% primarily due to state and local income taxes and non-deductible officers' compensation. The effective tax rate for the three months ended March 31, 2021 differed from the U.S. federal statutory rate of 21.0% primarily due to $7.0 million of tax expense for a valuation allowance on a deferred tax asset for the future capital loss on an equity method investment that was not expected to be realized and $1.3 million tax expense for non-deductible officers' compensation, offset by a $2.4 million tax benefit related to a prior year.

Income tax expense was $75.1 million and $73.8 million for the nine months ended March 31, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the provision for income taxes as a percentage of earnings before income taxes, was 26.6% and 32.4%, for the nine months ended March 31, 2022 and 2021, respectively. The effective tax rate for the nine months ended March 31, 2022 differed from the U.S. federal statutory rate of 21.0% primarily due to state and local income taxes and non-deductible officers' compensation, partially offset by a $2.0 million benefit due to the expiration of the statute of limitations related to certain transfer pricing exposures. The effective tax rate for the nine months ended March 31, 2021 differed from the U.S. federal statutory rate of 21.0% primarily due to $7.0 million of tax expense for a valuation allowance on a deferred tax asset for the future capital loss on an equity method investment that was not expected to be realized, $4.8 million of tax expense from non-deductible officers' compensation, $1.7 million of tax expense related to a prior year, and $1.4 million of tax expense from recording valuation allowances on U.S. foreign tax credits.

Valuation Allowances. The Company had valuation allowances of $14.8 million and $13.6 million as of March 31, 2022 and June 30, 2021, respectively, because the Company has concluded it is more likely than not that it will be unable to utilize certain net operating carryforwards, capital loss carryforwards, and U.S. tax credits. As of each reporting date, the Company's management considers new evidence, both positive and negative, which could impact management's view with regard to future realization of deferred tax assets.

Unrecognized Income Tax Benefits. As of March 31, 2022 and June 30, 2021, the Company had unrecognized income tax benefits of $15.7 million and $23.0 million, respectively. These amounts, when netted against offsetting receivables, would have a net impact on tax expense of $(0.3) million and $3.9 million, respectively, if recognized. During the nine months ended March 31, 2022, the Company primarily decreased its unrecognized income tax benefits due to expiration of the statute of limitations. It is reasonably possible that the unrecognized income tax benefits will provide a tax benefit of $1.0 million within the next twelve months.

Note 12. Commitments and Contingencies

Legal Proceedings. From time to time, the Company is subject to various claims and is involved in various legal, regulatory, and arbitration proceedings concerning matters arising in connection with the conduct of its business activities, including those noted in this section. Although management at present has no basis to conclude that the ultimate outcome of these proceedings, individually and in the aggregate, will materially harm the Company's financial position, results of operations, cash flows, or overall trends, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could include substantial monetary damages. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting the Company from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on the Company's business, results of operations, financial position, and overall trends. The Company might also conclude that settling one or more such matters is in the best interests of its stockholders, employees, and customers, and any such settlement could include substantial payments.

Competition Matters. The Company is currently involved in the following antitrust lawsuits that set forth allegations of anti-competitive agreements between the Company and The Reynolds and Reynolds Company ("Reynolds") relating to the manner in which the defendants control access to, and allow integration with, their respective Dealer Management System ("DMS"), and that seek, among other things, treble damages and injunctive relief. These lawsuits have been transferred to, or filed in, the U.S. District Court for the Northern District of Illinois for consolidated and coordinated pretrial proceedings as part of a multi-district litigation proceeding ("MDL").

- Teterboro Automall, Inc. d/b/a Teterboro Chrysler Dodge Jeep Ram ("Teterboro") brought a putative class action suit on behalf of itself and all similarly situated automobile dealerships against CDK Global, LLC and Reynolds. Teterboro’s suit was originally filed on October 19, 2017, in the U.S. District Court for the District of New Jersey.

  Since that time, several more putative class actions were filed in a number of federal district courts, with substantively similar allegations; all of them have been consolidated with the MDL proceeding. On June 4, 2018, a consolidated class action complaint was filed on behalf of a putative class made up of all dealerships in the United States that directly purchased DMS and/or allegedly indirectly purchased DMS or data integration services from CDK Global, LLC or Reynolds ("Putative Dealership Class Plaintiffs"). CDK Global, LLC moved to dismiss the complaint, or in the alternative, compel arbitration of certain of the cases while staying the remainder pending the outcome of those arbitration proceedings; its motion to dismiss was granted in part and denied in part, while its motion to compel arbitration was denied. On February 22, 2019, CDK Global, LLC filed an answer to the remaining claims in Putative Dealership Class Plaintiffs' complaint and asserted counterclaims against the Putative Dealership Class Plaintiffs. The Putative Dealership Class Plaintiffs filed a motion to dismiss CDK Global, LLC’s counterclaims; that motion was granted in part and denied in part on September 3, 2019. On October 23, 2018, the Putative Dealership Class Plaintiffs and Reynolds filed a motion for preliminary approval of settlement and for conditional certification of the proposed settlement class. The court finally approved that settlement on January 22, 2019. The parties' cross-motions for summary judgment and *Daubert* motions were fully briefed as of September 28, 2020. On January 21, 2022 the court issued a memorandum opinion and order with respect to the *Daubert* motions, granting the motions in part and denying in part. The parties’ cross-motions for summary judgment remain pending.

- Loop LLC d/b/a AutoLoop ("AutoLoop") brought suit against CDK Global, LLC on April 9, 2018, in the U.S. District Court for the Northern District of Illinois, but reserved its rights with respect to remand to the U.S. District Court for the Western District of Wisconsin at the conclusion of the MDL proceedings. On June 5, 2018, AutoLoop amended its complaint to sue on behalf of itself and a putative class of all other automotive software vendors in the United States that purchased data integration services from CDK Global, LLC or Reynolds. CDK Global, LLC moved to compel arbitration of AutoLoop's claims, or in the alternative, to dismiss those claims; that motion was denied on January 25, 2019. CDK Global, LLC filed an answer to AutoLoop’s complaint and asserted counterclaims against AutoLoop on February 15, 2019. AutoLoop filed an answer to CDK Global, LLC's counterclaims on March 8, 2019. The parties' cross-motions for summary judgment and *Daubert* motions were fully briefed as of September 28, 2020. On January 21, 2022 the court issued a memorandum opinion and order with respect to the *Daubert* motions, granting the motions in part and denying in part. The parties’ cross-motions for summary judgment remain pending.

The Company believes that the remaining unsettled cases are without merit and will continue to vigorously contest all asserted claims. Nonetheless, in light of the Company's settlements with Authenticom, i3 Brands, MVSC, and Cox and its continued expenditure of legal costs to contest the remaining claims, the Company has determined that a loss of some measure is probable and can be reasonably estimated. As of March 31, 2022 and June 30, 2021, the litigation liability for the remaining unsettled cases was $34.0 million and $34.0 million, respectively. This estimated loss is based upon currently available information and represents the Company's best estimate of such loss. Estimating the value of this estimated loss involved significant judgment given the uncertainty that still exists with respect to the remaining unsettled cases due to a variety of factors typical of complex, large scale litigation, including, among others: (i) formative issues, including: (a) the causes of action the plaintiffs can pursue; (b) the definition of the class(es) of plaintiffs; (c) the types of damages that can be recovered; and (d) whether plaintiffs can establish loss causation as a matter of law, all of which have yet to be determined pending the outcome of dispositive motions (e.g., motions for class certification and motions for summary judgment); (ii) significant factual issues remain to be resolved; (iii) expert perspectives with respect to, among other things, alleged antitrust injury and damages is widely divergent and remains subject to dispositive motions; (iv) the absence of productive settlement discussions to date with the remaining plaintiffs; and (v) the novel or uncertain nature of the legal issues presented. For these same reasons, the Company cannot reasonably estimate a maximum potential loss exposure at this time. In addition, the Company's estimate does not incorporate or reflect the potential value of the Company's counterclaims against certain of the plaintiffs in the ongoing cases. The legal proceedings underlying the estimated litigation liability will change from time to time and actual results may vary significantly from the estimate. As noted above, an adverse result in any of the remaining cases could have a material adverse effect on the Company's business, results of operations, financial condition, or liquidity.

On June 22, 2017, the Company received from the Federal Trade Commission ("FTC") a Civil Investigative Demand consisting of specifications calling for the production of documents relating to any agreements between the Company and Reynolds. Parallel document requests have been received from certain states' Attorneys General. Since 2017, the Company has engaged in continuing communication with and received subsequent requests from the FTC related to its investigation. The Company has responded to the requests and no proceedings have been instituted. The Company believes there has not been any conduct by the Company or its current or former employees that would be actionable under the antitrust laws in connection with the agreements between the Company and Reynolds or otherwise. At this time, the Company does not have sufficient information to predict the outcome of, or the cost of responding to or resolving, these investigations.

Other Commitments and Contingencies. In the normal course of business, the Company may enter into contracts in which the Company makes representations and warranties that relate to the performance of the Company's services and products. The Company does not expect any material losses related to such representations and warranties.

The Company has provided approximately $28.1 million of guarantees as of March 31, 2022 in the form of surety bonds issued to support certain licenses and contracts which require a surety bond as a guarantee of performance of contractual obligations. In general, the Company would only be liable for the amount of these guarantees in the event the Company defaulted in performing the obligations under each contract, of which, the probability is remote.

The Company had a total of $1.8 million in letters of credit outstanding as of March 31, 2022 primarily in connection with insurance programs.

Note 13. Subsequent Events

On April 7, 2022, the Company entered into a merger agreement to be acquired by Brookfield Business Partners, together with institutional partners (collectively “Brookfield”). Pursuant to the terms of the merger agreement, on April 22, 2022, an affiliate of Brookfield commenced a tender offer (the "Offer") to acquire all of the outstanding shares of common stock of the Company at a per share price of $54.87 in cash. The merger agreement includes customary representations, warranties, and covenants of the parties, including termination provisions for both the Company and Brookfield and a mutual termination right if the Offer has not been consummated on or before October 7, 2022. The closing of the Offer will be subject to certain conditions, including the tender of shares representing at least a majority of the total number of the CDK’s outstanding shares and other customary conditions. Under the merger agreement, the Company may be required to pay Brookfield a termination fee of $181.5 million if the agreement is terminated under specified circumstances. The merger agreement additionally provides that Brookfield may be required to pay the Company a termination fee of $594.0 million under specified circumstances. Following the consummation of the Offer, the remaining shares of common stock of the Company (other than as set forth in the merger agreement) will be acquired through a second-step merger. The transaction is expected to close in the third quarter of calendar year 2022.

On April 20, 2022, the Company commenced tender offers to purchase for cash any and all of its issued and outstanding senior notes and related solicitations of consents to the adoption of certain proposed amendments. The consummation of these tender offers for the senior notes and related consent solicitations is not a condition to the consummation of the acquisition of all of the outstanding shares of common stock of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Tabular amounts in millions, except per share amounts)

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, may be forward-looking statements. Words such as "might," "will," "may," "could," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," "assumes," and variations of such words or similar expressions are intended to identify forward-looking statements. These statements are based on management's expectations and assumptions as of the date of this filing and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed, or implied by, these forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to: our expectations regarding the continuing impacts on our business of the COVID-19 pandemic; our success in obtaining, retaining, and selling additional services to customers; the pricing of our products and services; our success in integrating our recent acquisitions and realizing the anticipated benefits of those combinations; overall market and economic conditions, including interest rate and foreign currency trends, and technology trends; adverse global economic conditions and credit markets and volatility in the countries in which we do business; auto sales and related industry changes; competitive conditions; changes in regulation (including new regulations that restrict the manner and extent to which we can control access to our Dealer Management System ("DMS") and other software applications and limit what, if anything, we may charge for integration with those applications); changes in technology, security breaches, interruptions, failures, and other errors involving our systems; availability of skilled technical employees/labor/personnel; the impact of new acquisitions and divestitures; employment and wage levels; availability of capital for the payment of debt service obligations or dividends or the repurchase of shares; any changes to our credit rating and the impact of such changes on our financing costs, rates, terms, debt service obligations, and access to capital market and working capital needs; the impact of our indebtedness, our access to cash and financing, and our ability to secure financing or financing at attractive rates; the onset of or developments in litigation involving contract, intellectual property, competition, stockholder, and other matters, and governmental investigations; and the ability of our significant stockholders and their affiliates to significantly influence our decisions, or cause us to incur significant costs.

There may be other factors that may cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in Part I, Item 1A of our Form 10-K, filed on August 18, 2021, under the heading "Risk Factors," which are incorporated herein by reference, for a description of certain risks that could, among other things, cause the Company's actual results to differ from any forward-looking statements contained herein. We disclaim any obligation to update or revise forward-looking statements that may be made to reflect new information or future events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law. The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Part II, Item 8 of our most recent Form 10-K. As used herein, "CDK Global," "CDK," the "Company," "we," "our," and similar terms include CDK Global, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

RESULTS OF OPERATIONS

Executive Overview. CDK is a leading provider of retail technology and software as a service ("SaaS") solutions that help dealers and auto manufacturers run their businesses more efficiently, drive improved profitability and create frictionless purchasing and ownership experiences for consumers. Today, CDK serves over 15,000 retail locations in North America.

Sale of the International and Digital Marketing Businesses. On March 1, 2021, we completed the sale of the CDK International business ("International Business") to Francisco Partners. On April 21, 2020, we completed our sale of the Digital Marketing Business to Sincro LLC. The International Business and Digital Marketing Business are presented as discontinued operations. For additional information refer to Item 1 of Part I, "Notes to the Consolidated Financial Statements", Note 1 - Basis of Presentation and Note 4 - Discontinued Operations.

Acquisitions. On February 1, 2021, we acquired Square Root, Inc., an Austin-based developer of data curation software for original equipment manufacturers ("OEMs"). On June 2, 2021, we acquired Roadster Inc., a Palo Alto, California-based digital sales platform that modernizes the way consumers buy vehicles and the process in which dealers sell them. On October 1, 2021, we acquired Salty Dot, Inc., a privately held automobile insurance technology solution provider.

Impacts of COVID-19. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 outbreak and associated counter-acting measures implemented by governments around the world, as well as increased business uncertainty, caused a significant shift in automotive retail activity, and the operations of our dealer customers in particular. To support our customers, we offered financial and other assistance during the fourth quarter of fiscal 2020 and added product benefits to facilitate remote delivery and touchless transactions. We also took steps to monitor our cash flow and liquidity and to migrate many employees to their current work-from-home status.

As conditions continue to fluctuate around the world, governments and organizations have responded by adjusting their restrictions and guidelines accordingly. Activity in the automotive market improved during fiscal 2021, and we expect that improvement trend to continue during fiscal 2022, though substantial uncertainty remains, including supply chain disruption and resulting inflationary pressures. Our focus remains on promoting employee health and safety, serving our dealer customers and ensuring business continuity. Overall, we believe we are well positioned for further growth opportunities as the impact of the COVID-19 pandemic recedes in the markets we serve and we remain committed to our management philosophy, company goals and our business strategy. However, while our revenue and earnings are relatively predictable as a result of our subscription-based business model, the duration of the pandemic and the broader implications of the macro-economic recovery on our business remain uncertain.

Business Process Modernization Program. As of July 1, 2019, we initiated what was anticipated to be a three-year program designed to improve the way we do business for our customers through best-in-class product offerings, processes, governance and systems. The business process modernization program includes a comprehensive redesign in the way we go to market, including the quoting, contracting, fulfilling, and invoicing processes, and the systems and tools we use. We expect to incur expenses of approximately $5.0 million during fiscal 2022. We now expect that the program will extend into fiscal 2023.

Sources of Revenue and Expenses

Revenue. We generally receive fee-based revenue by providing services to customers. We generate revenue from three categories: subscription, transaction and other.

Subscription: for software and technology solutions provided to automotive retailers and OEMs, which includes:

- DMSs and layered applications, which may be installed on-site at the customer's location, or hosted and provided on a SaaS basis, including ongoing maintenance and support;
- Interrelated services such as installation, initial training, and data updates; and
- Prior to adoption of Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASC 842"), subscription revenue included technology solutions in which hardware was provided on a service basis. This revenue was previously classified as subscription revenue because under lease accounting guidance in effect prior to ASC 842, substitution rights were considered substantive.

Transaction: fees per transaction to process credit reports, vehicle registrations, and automotive equity mining.

Other: consulting and professional services, sales of hardware, on-site licenses and installation and other miscellaneous revenue. After the adoption of ASC 842 in fiscal 2020, Other revenue also includes leasing revenue from hardware provided to customers on a service basis, as hardware substitution rights are not considered substantive.

Expenses. Expenses generally relate to the cost of providing services to customers. Significant expenses include employee payroll and other labor-related costs, the cost of hosting customer systems, third-party costs for transaction-based solutions and licensed software utilized in our solution offerings, telecommunications, transportation and distribution costs, computer hardware, software, and other general overhead items.

Key Performance Measures. We regularly review the following key performance measures in evaluating our business results, identifying trends affecting our business, and making operating and strategic decisions:

Dealer Management System Customer Sites (end of period). We track the number of retail customer sites that have an active DMS and sell vehicles in automotive and adjacent markets as an indicator of our opportunity set for generating subscription revenue. We consider a DMS to be active if we have billed a subscription fee for that solution during the last billing cycle in the

most recently ended calendar month. Adjacent markets include heavy truck dealerships that provide vehicles to the over-the-road trucking industry, recreation dealerships in the motorcycle, powersports, marine, and recreational vehicle industries, and heavy equipment dealerships in the agriculture and construction equipment industries.

Average Revenue Per DMS Customer Site (monthly average for period). Average revenue per DMS customer site is an indicator of the scope of adoption of our solutions by DMS customers. We monitor changes in this metric to measure the effectiveness of our strategy to deepen our relationships with our current customer base through upgrading and expanding solutions. We calculate average revenue per DMS customer site by dividing subscription revenue generated from our solutions in an applicable period by the monthly average number of DMS customer sites in the same period, divided by three. The metric includes monthly billing directly associated with the reported DMS sites inclusive of DMS monthly fees, layered applications and data integration fees and excludes (i) subscription revenue generated from customers not included in our DMS customer site count and (ii) subscription revenue related to certain installation and training activities that is deferred then recognized as revenue over the life of the contract.

Results of Operations. The following is a discussion of the results of our consolidated operations for the three and nine months ended March 31, 2022 and 2021.

The table below presents consolidated results of operations for the periods indicated and the change when comparing periods.

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2022	2021	$	%	2022	2021	$	%
Revenue	$ 459.7	$ 433.1	$ 26.6	6 %	$ 1,336.4	$ 1,253.1	$ 83.3	7 %
Cost of revenue	241.2	221.3	19.9	9 %	697.8	653.7	44.1	7 %
Selling, general, and administrative expenses	98.6	90.2	8.4	9 %	295.3	263.8	31.5	12 %
Litigation provision	—	—	—	— %	—	12.0	(12.0)	(100)%
Total expenses	339.8	311.5	28.3	9 %	993.1	929.5	63.6	7 %
Operating earnings	119.9	121.6	(1.7)	(1)%	343.3	323.6	19.7	6 %
Interest expense	(22.3)	(32.2)	9.9	(31)%	(66.0)	(101.2)	35.2	(35)%
Gain (loss) on extinguishment of debt	—	(2.2)	2.2	(100)%	2.1	(2.2)	4.3	n/m
Loss from equity method investment	(3.0)	(19.6)	16.6	(85)%	(5.6)	(24.8)	19.2	(77)%
Other income, net	1.4	3.6	(2.2)	(61)%	8.4	32.3	(23.9)	(74)%
Earnings before income taxes	96.0	71.2	24.8	35 %	282.2	227.7	54.5	24 %
Margin %	*20.9%*	*16.4%*			*21.1%*	*18.2%*		
Provision for income taxes	(25.9)	(24.1)	(1.8)	7 %	(75.1)	(73.8)	(1.3)	2 %
Effective tax rate	*27.0%*	*33.8%*			*26.6%*	*32.4%*		
Net earnings from continuing operations	70.1	47.1	23.0	49 %	207.1	153.9	53.2	35 %
Net earnings from discontinued operations	(2.4)	815.8	(818.2)	n/m	(0.3)	837.1	(837.4)	n/m
Net earnings	67.7	862.9	(795.2)	(92)%	206.8	991.0	(784.2)	(79)%
Less: net earnings attributable to noncontrolling interest	1.6	2.0	(0.4)	(20)%	5.3	6.1	(0.8)	(13)%
Net earnings attributable to CDK	$ 66.1	$ 860.9	$ (794.8)	(92)%	$ 201.5	$ 984.9	$ (783.4)	(80)%

n/m - not meaningful

The table below presents the revenue disaggregation for the periods indicated and the change when comparing periods.

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2022	2021	$	%	2022	2021	$	%
Subscription	$ 356.6	$ 332.1	$ 24.5	7 %	$ 1,051.0	$ 984.3	$ 66.7	7 %
Transaction	40.8	43.3	(2.5)	(6)%	121.9	126.3	(4.4)	(3)%
Other	62.3	57.7	4.6	8 %	163.5	142.5	21.0	15 %
Revenue	$ 459.7	$ 433.1	$ 26.6	6 %	$ 1,336.4	$ 1,253.1	$ 83.3	7 %

Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

Revenue. Revenue for the three months ended March 31, 2022 increased by $26.6 million as compared to the three months ended March 31, 2021.

- Subscription revenues increased due to the growth in DMS and applications, and $12.6 million from acquisitions in fiscal 2022, partially offset by the impact of ASC 842 which reallocates hardware-related lessor revenue from subscription revenue to other revenue and a decline in Partner Program revenue.
- Transaction revenues saw a slight decline driven by ongoing dealer inventory shortages.
- Other revenues increased reflecting higher hardware sales and revenue timing under ASC 842.

Cost of Revenue. Cost of revenue for the three months ended March 31, 2022 increased by $19.9 million as compared to the three months ended March 31, 2021. Cost of revenue increased due to higher employee-related costs including an increase in technology headcount and travel expenses to support growth and an increase in amortization due to higher levels of capitalized software supporting developed technologies. Cost of revenue includes expenses to research, develop, and deploy new and enhanced solutions for our customers of $23.6 million and $19.4 million for the three months ended March 31, 2022 and 2021, respectively, representing 5.1% and 4.5% of revenue, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended March 31, 2022 increased by $8.4 million compared to the three months ended March 31, 2021. Selling, general and administrative expenses increased due to higher employee-related costs including stock-based compensation, travel expenses, and marketing expenditures connected to the National Automobile Dealers Association show, partially offset by lower costs associated with our business process modernization program compared to the third quarter of fiscal 2021.

Interest Expense. Interest expense for the three months ended March 31, 2022 decreased by $9.9 million as compared to the three months ended March 31, 2021 largely due to lower average debt level in the third quarter of fiscal 2022, which was primarily attributable to the repayment of the three-year and five-year term loan facilities and the 5.875% unsecured senior notes with a $500 million aggregate principal amount due in 2026 in the third and fourth quarter of fiscal 2021, respectively.

Loss on Extinguishment of Debt. In the third quarter of fiscal 2021, we repaid the indebtedness under the three-year term loan facility and five-year term loan facility. As a result, we recorded expenses of $2.2 million for the write-off of unamortized debt financing costs.

Loss from Equity Method Investment. Loss from equity method investment for the three months ended March 31, 2022 decreased by $16.6 million as compared to the three months ended March 31, 2021 driven by $14.5 million of impairment charges for an equity method investment along with the recognition of equity losses in the third quarter of fiscal 2021.

Other Income, net. Other income, net for the three months ended March 31, 2022 decreased by $2.2 million compared to the three months ended March 31, 2021. The decrease is attributable to higher income related to the transition services agreement in connection with the sale of the International Business in fiscal 2021.

Provision for Income Taxes. Income tax expense was $25.9 million and $24.1 million for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate, expressed by calculating the provision for income taxes as a percentage of earnings before income taxes, was 27.0% and 33.8% for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate for the three months ended March 31, 2022 differed from the U.S. federal statutory rate of 21.0% primarily due to state and local income taxes and non-deductible officers' compensation. The effective tax rate for the three months ended March 31, 2021 differed from the U.S. federal statutory rate of 21.0% primarily due to $7.0 million of tax expense for a valuation allowance on a deferred tax asset for the future capital loss on an equity method investment that is not expected to be realized and $1.3 million tax expense for non-deductible officers' compensation, offset by a $2.4 million tax benefit related to a prior year.

Net Earnings from Discontinued Operations. Net earnings from discontinued operations reflect the results of the International Business and the Digital Marketing Business. Net earnings from discontinued operations declined as a result of the completion of the sale of the International Business in the third quarter of fiscal 2021. Refer to Note 4 - Discontinued Operations for additional information.

Net Earnings Attributable to CDK. Net earnings attributable to CDK for the three months ended March 31, 2022 decreased by $794.8 million as compared to the three months ended March 31, 2021. The decrease in net earnings attributable to CDK was primarily due to the factors previously discussed.

Nine Months Ended March 31, 2022 Compared to the Nine Months Ended March 31, 2021

Revenue. Revenue for the nine months ended March 31, 2022 increased by $83.3 million compared to the nine months ended March 31, 2021.

- Subscription revenues increased due to the growth in DMS and applications and $34.6 million from acquisitions in fiscal 2022, partially offset by the impact of ASC 842 which reallocates hardware-related lessor revenue from subscription revenue to other revenue and a decline in Partner Program revenue.
- Transaction revenues saw a slight decline due to ongoing dealer inventory shortages.
- Other revenues increased reflecting higher hardware sales and revenue timing under ASC 842.

Cost of Revenue. Cost of revenue for the nine months ended March 31, 2022 increased by $44.1 million compared to the nine months ended March 31, 2021. Cost of revenue increased due to slightly higher leased hardware costs, network and infrastructure fees, employee-related costs and travel expenses to support growth, partially offset by a decrease in the cost to support the transition of our sold businesses. Cost of revenue includes expenses to research, develop, and deploy new and enhanced solutions for our customers of $59.7 million and $55.7 million for the nine months ended March 31, 2022 and 2021, respectively, representing 4.5% and 4.4% of revenue, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the nine months ended March 31, 2022 increased by $31.5 million compared to the nine months ended March 31, 2021. Selling, general and administrative expenses increased primarily due to higher transaction and integration related costs associated with acquisitions and strategical business opportunities, travel and marketing expenses, and employee-related costs including stock-based compensation. These increases were partially offset by decreases in costs to support the transition of our sold businesses and lower costs associated with our business process modernization program compared to fiscal 2021.

Litigation Provision. Litigation provision for the nine months ended March 31, 2022 decreased by $12.0 million as compared to nine months ended March 31, 2021 as a result of minimal current year adjustments from the quarterly reassessment of our litigation liability where we evaluate legal proceedings that could affect the amount of liability, including amounts in excess of any prior accruals and make adjustments to those accruals as appropriate. Additional information on the litigation provision is contained in Item 1 of Part I, "Notes to the Consolidated Financial Statements", Note 12 - Commitments and Contingencies.

Interest Expense. Interest expense for the nine months ended March 31, 2022 decreased by $35.2 million as compared to the nine months ended March 31, 2021 largely due to lower average debt level in the first nine months of fiscal 2022, which was primarily attributable to the repayment of the three-year and five-year term loan facilities and the 5.875% unsecured senior notes with a $500 million aggregate principal amount due in 2026 in the third and fourth quarter of fiscal 2021, respectively.

Gain (Loss) on Extinguishment of Debt. In the first quarter of fiscal 2022, we recognized a gain on extinguishment of debt as a result of the forgiveness of a Paycheck Protection Program loan. The loan was assumed as part of the acquisition of Roadster Inc. Also, in the third quarter of fiscal 2021, we repaid the indebtedness under the three-year term loan facility and five-year term loan facility. As a result, we recorded expenses of $2.2 million for the write-off of unamortized debt financing costs.

Loss from Equity Method Investment. Loss from equity method investment for the nine months ended March 31, 2022 decreased by $19.2 million as compared to the nine months ended March 31, 2021 driven by $14.5 million of impairment charges for an equity method investment along with the recognition of equity losses in the third quarter of fiscal 2021.

Other Income, net. Other income, net for the nine months ended March 31, 2022 decreased by $23.9 million as compared to the nine months ended March 31, 2021 due largely to the decline in income associated with on-going transition support of our sold businesses.

Provision for Income Taxes. Income tax expense was $75.1 million and $73.8 million for the nine months ended March 31, 2022 and 2021, respectively. The effective tax rate expressed by calculating the provision for income taxes as a percentage of earnings before income taxes was 26.6% and 32.4%, for the nine months ended March 31, 2022 and 2021, respectively. The effective tax rate for the nine months ended March 31, 2022 differed from the U.S. federal statutory rate of 21.0% primarily due to state and local income taxes and non-deductible officers' compensation, partially offset by a $2.0 million benefit due to the expiration of the statute of limitations related to certain transfer pricing exposures. The effective tax rate for the nine months ended March 31, 2021 differed from the U.S. federal statutory rate of 21.0% primarily due to $7.0 million of tax expense for a valuation allowance on a deferred tax asset for the future capital loss on an equity method investment that was not expected to be realized, $4.8 million tax expense from non-deductible officers' compensation, $1.7 million of tax expense related to a prior year and $1.4 million of tax expense from recording valuation allowances on U.S. foreign tax credits.

Net Earnings from Discontinued Operations. Net earnings from discontinued operations reflect the results of the International Business and the Digital Marketing Business. Net earnings from discontinued operations declined as a result of the completion of the sale of the International Business in the third quarter of fiscal 2021. Refer to Note 4 - Discontinued Operations for additional information.

Net Earnings Attributable to CDK. Net earnings attributable to CDK for the nine months ended March 31, 2022 decreased by $783.4 million as compared to the nine months ended March 31, 2021. The decrease in net earnings attributable to CDK was primarily due to the factors previously discussed.

Non-GAAP Financial Measures

We disclose certain financial measures for our consolidated results on a generally accepted accounting principles (GAAP) and a non-GAAP (adjusted) basis. The non-GAAP financial measures disclosed should be viewed in addition to, and not as an alternative to, results prepared in accordance with GAAP. Our use of each of the following non-GAAP financial measures may differ from similarly titled non-GAAP financial measures presented by other companies, and other companies may not define these non-GAAP financial measures, or reconcile them to the most directly comparable GAAP financial measures, in the same way.

Non-GAAP Financial Measure	Most Directly Comparable GAAP Financial Measure
Adjusted earnings before income taxes	Earnings before income taxes
Adjusted provision for income taxes	Provision for income taxes
Adjusted net earnings attributable to CDK	Net earnings attributable to CDK
Adjusted diluted earnings attributable to CDK per share	Diluted earnings attributable to CDK per share
Adjusted EBITDA	Net earnings attributable to CDK
Adjusted EBITDA margin	Net earnings attributable to CDK margin

We use adjusted earnings before income taxes, adjusted provision for income taxes, adjusted net earnings attributable to CDK, adjusted diluted earnings attributable to CDK per share, adjusted EBITDA and adjusted EBITDA margin internally to evaluate our performance on a consistent basis. These measures adjust for the impact of certain items that we believe are inconsistent in amount and frequency and do not directly reflect our underlying operations. By adjusting for these items, we believe we have more precise inputs for use as factors in (i) our budgeting process, (ii) financial and operational decisions, (iii) evaluations of ongoing operating performance on a consistent period-to-period basis and relative to our competitors, (iv) target leverage calculations, (v) debt covenant calculations, and (vi) incentive-based compensation decisions.

We believe our non-GAAP financial measures are helpful to users of the financial statements because they (i) provide investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permit investors to view performance using the same tools that management uses, and (iii) provide supplemental information that may be useful to investors in evaluating our ongoing operating results on a consistent basis. We believe that the presentation of these non-GAAP financial measures, when considered in addition to the corresponding GAAP financial measures and the reconciliations to those measures disclosed below, provides investors with a better understanding of the factors and trends affecting our business than could be obtained absent these disclosures.

Consolidated Non-GAAP Results. The tables below present the reconciliation of the most directly comparable GAAP measures to adjusted earnings before income taxes, adjusted provision for income taxes, adjusted net earnings attributable to CDK, adjusted diluted earnings attributable to CDK per share, and adjusted EBITDA.

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2022	2021	$	%	2022	2021	$	%
Revenue [1]	**$ 459.7**	**$ 433.1**	**$ 26.6**	**6 %**	**$ 1,336.4**	**$ 1,253.1**	**$ 83.3**	**7 %**
Earnings before income taxes [1]	**$ 96.0**	**$ 71.2**	**$ 24.8**	**35 %**	**$ 282.2**	**$ 227.7**	**$ 54.5**	**24 %**
Margin %	*20.9 %*	*16.4 %*			*21.1 %*	*18.2 %*		
Stock-based compensation expense [1] [2]	17.0	10.4	6.6		45.6	31.7	13.9	
Amortization of acquired intangible assets [1] [3]	7.3	4.2	3.1		20.9	12.4	8.5	
Transaction and integration-related costs [1] [4]	2.0	2.4	(0.4)		15.0	3.6	11.4	
Legal and other expenses related to regulatory and competition matters [5]	0.4	0.9	(0.5)		1.1	15.6	(14.5)	
Business process modernization program [6]	0.2	3.9	(3.7)		3.8	9.4	(5.6)	
Officer transition expense [7]	—	—	—		—	1.1	(1.1)	
Net adjustments related to loss from equity method investment [8]	2.6	17.1	(14.5)		5.4	21.6	(16.2)	
Loss (gain) on extinguishment of debt [9]	—	2.2	(2.2)		(2.1)	2.2	(4.3)	
Adjusted earnings before income taxes	**$ 125.5**	**$ 112.3**	**$ 13.2**	**12 %**	**$ 371.9**	**$ 325.3**	**$ 46.6**	**14 %**
Adjusted margin %	*27.3 %*	*25.9 %*			*27.8 %*	*26.0 %*		

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2022	2021	$	%	2022	2021	$	%
Provision for income taxes [1]	**$ 25.9**	**$ 24.1**	**$ 1.8**	**7 %**	**$ 75.1**	**$ 73.8**	**$ 1.3**	**2 %**
Effective tax rate	*27.0 %*	*33.8 %*			*26.6 %*	*32.4 %*		
Income tax effect of pre-tax adjustments [10]	6.1	8.4	(2.3)		18.5	18.3	0.2	
Change in deferred tax valuation allowance[11]	(0.5)	(7.0)	6.5		(1.4)	(7.0)	5.6	
Adjusted provision for income taxes [1]	**$ 31.5**	**$ 25.5**	**$ 6.0**	**24 %**	**$ 92.2**	**$ 85.1**	**$ 7.1**	**8 %**
Adjusted effective tax rate	*25.1 %*	*22.7 %*			*24.8 %*	*26.2 %*		

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2021	2021	$	%	2022	2021	$	%
Net earnings	**$ 67.7**	**$ 862.9**	**$ (795.2)**	**(92)%**	**$ 206.8**	**$ 991.0**	**$ (784.2)**	**(79)%**
Less: net earnings attributable to noncontrolling interest	1.6	2.0			5.3	6.1		
Net earnings attributable to CDK	**$ 66.1**	**$ 860.9**	**$ (794.8)**	**(92)%**	**$ 201.5**	**$ 984.9**	**$ (783.4)**	**(80)%**
Net loss (earnings) from discontinued operations [12]	2.4	(815.8)	818.2		0.3	(837.1)	837.4	
Stock-based compensation expense [1] [2]	17.0	10.4	6.6		45.6	31.7	13.9	
Amortization of acquired intangible assets [1] [3] [13]	7.3	4.1	3.2		20.7	12.1	8.6	
Transaction and integration-related costs [1] [4]	2.0	2.4	(0.4)		15.0	3.6	11.4	
Legal and other expenses related to regulatory and competition matters[5]	0.4	0.9	(0.5)		1.1	15.6	(14.5)	
Business process modernization program [6]	0.2	3.9	(3.7)		3.8	9.4	(5.6)	
Officer transition expense [7]	—	—	—		—	1.1	(1.1)	
Net adjustments related to loss from equity method investment[8]	2.6	17.1	(14.5)		5.4	21.6	(16.2)	
Loss (gain) on extinguishment of debt [9]	—	2.2	(2.2)		(2.1)	2.2	(4.3)	
Income tax effect of pre-tax adjustments [10]	(6.1)	(8.4)	2.3		(18.5)	(18.3)	(0.2)	
Change in deferred tax valuation allowance [11]	0.5	7.0	(6.5)		1.4	7.0	(5.6)	
Adjusted net earnings attributable to CDK [1]	**$ 92.4**	**$ 84.7**	**$ 7.7**	**9 %**	**$ 274.2**	**$ 233.8**	**$ 40.4**	**17 %**

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2022	2021	$	%	2022	2021	$	%
Diluted earnings attributable to CDK per share	**$ 0.56**	**$ 7.00**	**$ (6.44)**	**(92)%**	**$ 1.68**	**$ 8.04**	**$ (6.36)**	**(79)%**
Net loss (earnings) from discontinued operations (12)	0.02	(6.64)	6.66		—	(6.83)	6.83	
Stock-based compensation expense (1) (2)	0.15	0.08	0.07		0.38	0.26	0.12	
Amortization of acquired intangible assets (1) (3) (13)	0.06	0.03	0.03		0.17	0.10	0.07	
Transaction and integration-related costs (1) (4)	0.02	0.02	—		0.13	0.03	0.10	
Legal and other expenses related to regulatory and competition matters (5)	—	0.02	(0.02)		0.01	0.12	(0.11)	
Business process modernization program (6)	—	0.03	(0.03)		0.03	0.07	(0.04)	
Officer transition expense (7)	—	—	—		—	0.01	(0.01)	
Net adjustments related to loss from equity method investment (8)	0.02	0.14	(0.12)		0.05	0.18	(0.13)	
Loss (gain) on extinguishment of debt (9)	—	0.02	(0.02)		(0.02)	0.02	(0.04)	
Income tax effect of pre-tax adjustments (10)	(0.05)	(0.07)	0.02		(0.15)	(0.15)	—	
Change in deferred tax valuation allowance (11)	—	0.06	(0.06)		0.01	0.06	(0.05)	
Adjusted diluted earnings attributable to CDK per share (1)	**$ 0.78**	**$ 0.69**	**$ 0.09**	**13 %**	**$ 2.29**	**$ 1.91**	**$ 0.38**	**20 %**
Weighted average common shares outstanding:								
Diluted	**118.1**	**122.9**			**119.7**	**122.5**		

	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2021	2021	$	%	2022	2021	$	%
Net earnings attributable to CDK	**$ 66.1**	**$ 860.9**	**$ (794.8)**	**(92)%**	**$ 201.5**	**$ 984.9**	**$ (783.4)**	**(80)%**
Margin %	*14.4 %*	*198.8 %*			*15.1 %*	*78.6 %*		
Net earnings attributable to noncontrolling interest (14)	1.6	2.0	(0.4)		5.3	6.1	(0.8)	
Net loss (earnings) from discontinued operations (12)	2.4	(815.8)	818.2		0.3	(837.1)	837.4	
Provision for income taxes (1) (15)	25.9	24.1	1.8		75.1	73.8	1.3	
Interest expense (16)	22.3	32.2	(9.9)		66.0	101.2	(35.2)	
Depreciation and amortization (1) (17)	32.8	24.6	8.2		91.7	71.1	20.6	
Stock-based compensation expense (1) (2)	17.0	10.4	6.6		45.6	31.7	13.9	
Transaction and integration-related costs (1) (4)	2.0	2.4	(0.4)		15.0	3.6	11.4	
Legal and other expenses related to regulatory and competition matters (5)	0.4	0.9	(0.5)		1.1	15.6	(14.5)	
Business process modernization program (6)	0.2	3.9	(3.7)		3.8	9.4	(5.6)	
Officer transition expense (7)	—	—	—		—	1.1	(1.1)	
Net adjustments related to loss from equity method investment (8)	3.8	18.5	(14.7)		9.2	25.7	(16.5)	
Loss (gain) on extinguishment of debt (9)	—	2.2	(2.2)		(2.1)	2.2	(4.3)	
Adjusted EBITDA	**$ 174.5**	**$ 166.3**	**$ 8.2**	**5 %**	**$ 512.5**	**$ 489.3**	**$ 23.2**	**5 %**
Adjusted margin %	*38.0 %*	*38.4 %*			*38.3 %*	*39.0 %*		

(1) Excludes amounts attributable to discontinued operations.

(2) Stock-based compensation expense included in cost of revenue and selling, general and administrative expenses.

(3) Amortization of acquired intangible assets consists of non-cash amortization of intangible assets such as customer lists, purchased software, and trademarks acquired in connection with business combinations. We exclude the impact of amortization of acquired intangible assets because these non-cash amounts are significantly impacted by the timing and size of individual acquisitions and do not factor into our budgeting process, financial and operational decision making, target leverage calculations, and determination of incentive-based pay.

(4) Transaction and integration-related costs include: (i) legal, accounting, outside service fees, and other costs incurred in connection with assessment and integration of acquisitions and other strategic business opportunities; and (ii) post-close adjustments to acquisition-related contingent consideration, included in selling, general and administrative expenses.

(5) Legal and other expenses, related to regulatory and competition matters included in selling, general and administrative expenses and litigation provision.

(6) Business process modernization program designed to improve the way we do business for our customers through best-in-class product offerings, processes, governance and systems. The business process modernization program includes a comprehensive redesign in the way we go to market, including the quoting, contracting, fulfilling, and invoicing processes, and the systems and tools we use. The program is an investment to implement holistic business reform, including the design and implementation of a new ERP system. The expense is included in cost of revenue and selling, general and administrative expenses.

(7) Officer transition expense includes severance expense in connection with officer departures included in cost of revenue and selling, general and administrative expenses.

(8) Net adjustments related to loss from equity method investment includes certain portions of earnings attributable to an equity interest owned by CDK.

(9) In fiscal 2022, gain on extinguishment of debt in connection with the forgiveness of Roadster's indebtedness related to the Paycheck Protection Program instituted under the United States' Coronavirus Aid, Relief and Economic Security Act of 2020. Loss on extinguishment of debt as of March 31, 2021 related to the write-off of unamortized debt financing cost as a result of the repayment of the indebtedness under the three-year and five-year term loan facilities on March 1, 2021.

(10) Income tax effect of pre-tax adjustments calculated at applicable statutory rates net of applicable permanent differences.

(11) In fiscal 2022, a valuation allowance on a deferred tax asset for the tax basis difference of an equity method investment that is not expected to be realized. In fiscal 2021, a valuation allowance on a deferred tax asset for the future capital loss on an equity method investment that is not expected to be realized recorded in the third quarter

of fiscal 2021.

(12) Net earnings from discontinued operations associated with our sale of the International Business that closed on March 1, 2021, and the divestiture of the Digital Marketing Business that closed on April 21, 2020.

(13) The portion of expense related to noncontrolling interest has been removed from amortization of acquired intangible assets for the nine months ended March 31, 2022 and the three and nine months ended March 31, 2021, respectively.

(14) Net earnings attributable to noncontrolling interest included in the financial statements.

(15) Provision for income taxes included in the financial statements.

(16) Interest expense included in the financial statements.

(17) Depreciation and amortization included in the financial statements.

Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

Adjusted Earnings before Income Taxes. Adjusted earnings before income taxes for the three months ended March 31, 2022 increased by $13.2 million as compared to the three months ended March 31, 2021. Adjusted margin increased from 25.9% to 27.3%. Adjusted earnings before income taxes was favorably impacted by revenue growth and lower interest expenses, partially offset by higher employee-related costs and increases in travel and marketing expenses.

Adjusted Provision for Income Taxes. Adjusted income tax expense was $31.5 million and $25.5 million for the three months ended March 31, 2022 and 2021, respectively. The adjusted effective tax rate for the three months ended March 31, 2022 was 25.1% as compared to 22.7% for the three months ended March 31, 2021. The adjusted effective tax rate for the three months ended March 31, 2022 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes. The adjusted effective tax rate for the three months ended March 31, 2021 was primarily impacted by a $2.4 million tax benefit for an income tax payable true-up.

Adjusted Net Earnings Attributable to CDK. Adjusted net earnings attributable to CDK for the three months ended March 31, 2022 increased by $7.7 million as compared to the three months ended March 31, 2021. The increase in adjusted net earnings attributable to CDK was primarily due to the items discussed above in adjusted earnings before income taxes.

Adjusted EBITDA. Adjusted EBITDA for the three months ended March 31, 2022 increased by $8.2 million as compared to the three months ended March 31, 2021. Adjusted margin decreased from 38.4% to 38.0%. Adjusted EBITDA was favorably impacted by revenue growth, partially offset by higher employee-related costs and increases in travel and marketing expenses.

Nine Months Ended March 31, 2022 Compared to the Nine Months Ended March 31, 2021

Adjusted Earnings before Income Taxes. Adjusted earnings before income taxes for the nine months ended March 31, 2022 increased by $46.6 million as compared to the nine months ended March 31, 2021. Adjusted margin increased from 26.0% to 27.8%. Adjusted earnings before income taxes was favorably impacted by revenue growth and lower interest expenses, partially offset by higher employee-related costs and increases in travel and marketing expenses..

Adjusted Provision for Income Taxes. Adjusted income tax expense was $92.2 million and $85.1 million for the nine months ended March 31, 2022 and 2021, respectively. The adjusted effective tax rate for the nine months ended March 31, 2022 was 24.8% as compared to 26.2% for the nine months ended March 31, 2021. The adjusted effective tax rate for the nine months ended March 31, 2022 differed from the U.S. federal statutory rate of 21% primarily due to state and local income taxes partially offset by a $2.0 million benefit due to the expiration of the statute of limitations related to certain transfer pricing exposures. The adjusted effective rate for the nine months ended March 31, 2021 was primarily impacted by $1.7 million of tax expense from the prior year true-up of income taxes payable and $1.4 million of tax expense from recording valuation allowances on U.S. foreign tax credits.

Adjusted Net Earnings Attributable to CDK. Adjusted net earnings attributable to CDK for the nine months ended March 31, 2022 increased by $40.4 million as compared to the nine months ended March 31, 2021. The increase in adjusted net earnings attributable to CDK was primarily due to the items discussed above in adjusted earnings before income taxes.

Adjusted EBITDA. Adjusted EBITDA for the nine months ended March 31, 2022 increased by $23.2 million compared to the nine months ended March 31, 2021. Adjusted margin decreased from 39.0% to 38.3%. Adjusted EBITDA was favorably impacted by revenue growth, partially offset by higher employee-related costs and increases in travel and marketing expenses.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Refer to Impacts of COVID-19 in the Results of Operations section of Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information about liquidity and capital resources.

Capital Structure Overview

Our principal source of liquidity is derived from cash generated through operations. At present, and in future periods, we expect cash generated by our operations, together with cash and cash equivalents and borrowings from the capital markets, including our five-year senior unsecured revolving credit facility ("revolving credit facility"), to be sufficient to cover our cash needs for working capital, capital expenditures, strategic acquisitions, and anticipated quarterly dividends and stock repurchases.

As of March 31, 2022, cash and cash equivalents were $120.3 million, total CDK stockholders' equity was $432.8 million, and total debt was $1,787.8 million, which is net of unamortized financing costs of $15.0 million. Working capital at March 31, 2022 was $113.1 million, as compared to $201.1 million as of June 30, 2021. Working capital as presented herein excludes current maturities of long-term debt and finance lease liabilities.

Our borrowings consist of 5.000% senior notes with a $500.0 million aggregate principal amount due in 2024, 4.875% senior notes with a $600.0 million aggregate principal amount due in 2027, and 5.250% senior notes with a $500.0 million aggregate principal amount due in 2029. Additionally, we have a $750.0 million revolving credit facility, of which $190.0 million was drawn as of March 31, 2022.

The revolving credit facility contains various covenants and restrictive provisions that limit our subsidiaries' ability to incur additional indebtedness, our ability to consolidate or merge with other entities, and our subsidiaries' ability to incur liens, enter into sale and leaseback transactions, and enter into agreements restricting the ability of our subsidiaries to pay dividends. If we fail to perform the obligations under these and other covenants, the revolving credit facility could be terminated and any outstanding borrowings, together with accrued interest, could be declared immediately due and payable. In addition to customary events of default on the revolving credit facility, an event of default may also be triggered by the acceleration of the maturity of any other indebtedness we may have in an aggregate principal amount in excess of $75.0 million.

The financial covenants provide that (i) the ratio of our total consolidated indebtedness to consolidated EBITDA (the "Leverage Ratio") may not exceed 3.75 to 1.00. Upon the occurrence of certain acquisitions for each of the four consecutive fiscal quarters immediately following such certain acquisitions (including the fiscal quarter in which such certain acquisition was consummated), the ratio set forth above will be increased to 4.25 to 1.00, and (ii) the ratio of our consolidated EBITDA to consolidated interest expense may not be less than 3.00 to 1.00. The related debt financing costs were not material to the consolidated financial statements.

Our long-term credit ratings and senior unsecured debt ratings are Ba1 with Moody's, and BB+ with S&P, which are non-investment grade.

In the normal course of business, we also enter into contracts in which we make representations and warranties that relate to the performance of our services and products. We do not expect any material losses related to such representations and warranties.

Return of Capital Plan. Our return of capital plan is a component of our broader capital allocation strategy. Our top priorities for capital allocation will continue to be a thoughtful balance between: (i) organic investments that will continue to accelerate the growth and performance of the business; (ii) inorganic opportunities that are synergistic with our portfolio and would meaningfully provide additional profitable revenue and increased long-term value; and (iii) return of capital to shareholders through a mix of common stock repurchases and dividends, while targeting a leverage ratio, measured as financial debt, net of cash, divided by adjusted EBITDA, at a range of 2.5x to 3.0x net debt to adjusted EBITDA over the long-term.

Stock Repurchase Program. In January 2017, the Board of Directors authorized us to repurchase up to $2.0 billion of our common stock as part of our return of capital plan, whereby we have repurchased approximately $1.7 billion of common stock through March 31, 2022. Under the authorization, we may continue to purchase our common stock in the open market or in privately negotiated transactions from time to time as permitted by federal securities laws and other legal requirements. The actual timing, number, and price of any shares repurchased will be determined at management's discretion and will depend on a number of factors, which may include the market price of the shares, general market and economic conditions, the availability and cost of additional indebtedness, and other potential uses for free cash flow including, but not limited to, potential acquisitions. In the third quarter of fiscal 2021, we announced that we expect to repurchase $200 million to $250 million of our common stock over a period of 12 to 18 months. We made stock repurchases of $229.1 million during the nine months ended March 31, 2022 as part of this program.

Dividends to Common Stockholders. The Board of Directors declared a quarterly cash dividend of $0.15 per share, which was payable on March 30, 2022 to shareholders of record at the close of business on March 1, 2022. We paid dividends of $53.3 million and $54.8 million during the nine months ended March 31, 2022 and 2021, respectively.

Cash Flows. Our cash flows from operating, investing, and financing activities, as reflected in the Consolidated Statements of Cash Flows for the nine months ended March 31, 2022 and 2021, are summarized as follows:

	Nine Months Ended March 31,		
	2022	2021	$ Change
Cash provided by (used in):			
Operating activities, continuing operations	$ 324.5	$ 253.9	$ 70.6
Operating activities, discontinued operations	(2.1)	6.9	(9.0)
Investing activities, continuing operations	(248.7)	(84.3)	(164.4)
Investing activities, discontinued operations	1.9	1,380.9	(1,379.0)
Financing activities, continuing operations	(112.4)	(656.4)	544.0
Effect of exchange rate changes on cash, cash equivalents and restricted cash, including cash classified in current assets held for sale	(0.7)	21.1	(21.8)
Net change in cash, cash equivalents and restricted cash, including cash classified in current assets held for sale	$ (37.5)	$ 922.1	$ (959.6)

Net cash flows provided by operating activities from continuing operations increased due to improved operating performance and litigation payments made in fiscal 2021, partially offset by higher incentive compensation payments in fiscal 2022.

Net cash flows used in operating activities from discontinued operations decreased due to the sale of the International Business during the third quarter of fiscal 2021.

Net cash flows used in investing activities from continuing operations increased due to a payment made for the acquisition of Salty Dot, Inc. and increased investments in capitalized software.

Net cash flows used in financing activities decreased primarily due to increased borrowings from our revolving credit facility and a decrease in term loan repayments partially offset by stock repurchases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no significant changes to our quantitative and qualitative disclosures about market risk during the third quarter of fiscal 2022. Please refer to Part II, Item 7A Quantitative and Qualitative Disclosures about Market Risk included in our Annual Report on Form 10-K for our fiscal year ended June 30, 2021 for a more complete discussion of the market risks we encounter.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "evaluation"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2022 in ensuring that (i) information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure, and (ii) such information is recorded, processed, summarized and reported in the time periods specified in Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting. During the three months ended March 31, 2022, there were no significant changes to the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Except as noted below, all other items are either inapplicable or would result in negative responses and, therefore, have been omitted.

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 12, Commitments and Contingencies, of the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the "Risk Factors" disclosed under "Item 1A. Risk Factors" of our Annual Report on Form 10-K filed with the SEC on August 18, 2021. You should be aware that these risk factors and other information may not describe every risk facing our Company. There have been no material changes to the risk factors we have disclosed in the "Risk Factors" section of our Form 10-K filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents a summary of common stock repurchases made during the three months ended March 31, 2022.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares as Part of Publicly Announced Programs (2)	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Program (2)
January 1 - 31, 2022	704,221	$ 42.83	704,221	$ 264,396,563
February 1 - 28, 2022	91,426	$ 42.35	79,381	$ 261,044,620
March 1 - 31, 2022	5,062	$ 47.84	—	$ 261,044,620
Total	800,709		783,602	

(1) Pursuant to our 2014 Omnibus Award Plan, shares of our common stock may be withheld upon exercise of stock options or vesting of restricted stock to satisfy tax withholdings. Shares withheld for such purposes make up the total number of shares purchased.

(2) In January 2017, the Board of Directors authorized us to repurchase up to $2.0 billion of our common stock under a return of capital program. This authorization will expire when it is exhausted or at such time as it is revoked by the Board of Directors.

Item 6. Exhibits

The following exhibits are filed with this Quarterly Report on Form 10-Q or incorporated herein by reference to the document set forth next to the exhibit in the list below:

		Incorporated by Reference				
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
31.1	Certification by Brian Krzanich pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934					X
31.2	Certification by Eric J. Guerin pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934					X
32.1	Certification by Brian Krzanich pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification by Eric J. Guerin pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL instance document - The instance document does not appear in the interactive data file because its XBRL tags are embedded in the Inline XBRL document.					X
101.SCH	Inline XBRL taxonomy extension schema document					X
101.CAL	Inline XBRL taxonomy extension calculation linkbase document					X
101.LAB	Inline XBRL taxonomy label linkbase document					X
101.PRE	Inline XBRL taxonomy extension presentation linkbase document					X
101.DEF	Inline XBRL taxonomy extension definition linkbase document					X
104	The cover page from this Current Report on Form 10-Q, formatted as Inline XBRL.					X

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.

CDK GLOBAL, INC.

Date:	May 5, 2022	/s/ Eric J. Guerin
		Eric J. Guerin Executive Vice President, Chief Financial Officer (principal financial officer)
Date:	May 5, 2022	/s/ Neil Fairfield
		Neil Fairfield Vice President, Corporate Controller and Chief Accounting Officer (principal accounting officer)

EXHIBIT 31.1

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Brian Krzanich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CDK Global, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 5, 2022	/s/ Brian Krzanich
		Brian Krzanich President, Chief Executive Officer (principal executive officer)

EXHIBIT 31.2

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Eric J. Guerin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CDK Global, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 5, 2022	/s/ Eric J. Guerin
		Eric J. Guerin Executive Vice President, Chief Financial Officer (principal financial officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CDK Global, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian Krzanich, President, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date:	May 5, 2022	/s/ Brian Krzanich
		Brian Krzanich President, Chief Executive Officer (principal executive officer)

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CDK Global, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric J. Guerin, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date:	May 5, 2022	/s/ Eric J. Guerin
		Eric J. Guerin Executive Vice President, Chief Financial Officer (principal financial officer)