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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

OR

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

Commission File Number 1-38300

CANNAE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**82-1273460**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1701 Village Center Circle, Las Vegas, Nevada	**89134**
(Address of principal executive offices)	(Zip Code)

(702) 323-7330

(Registrant’s telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Cannae Common Stock, $0.0001 par value	**CNNE**	**New York Stock Exchange**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one):

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

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

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

As of October 31, 2022 there were 78,020,290 shares of the Registrant's common stock outstanding.

FORM 10-Q
QUARTERLY REPORT
QUARTER ENDED SEPTEMBER 30, 2022
TABLE OF CONTENTS

Part I: FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 371.1	$ 85.8
Other current assets	27.4	35.8
Total current assets	398.5	121.6
Investments in unconsolidated affiliates	1,996.5	2,261.3
Equity securities, at fair value	335.3	1,045.1
Lease assets	158.8	172.0
Property and equipment, net	88.9	100.6
Deferred tax asset	76.0	—
Goodwill	53.4	53.4
Other intangible assets, net	24.3	26.9
Other long term investments and non-current assets	49.4	108.7
Total assets	$ 3,181.1	$ 3,889.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities, current	$ 76.7	$ 105.6
Income taxes payable	39.4	24.7
Lease liabilities, current	23.4	23.8
Deferred revenue	13.6	23.1
Notes payable, current	13.2	2.3
Total current liabilities	166.3	179.5
Lease liabilities, long term	151.5	166.1
Notes payable, long term	95.5	14.1
Deferred tax liability	—	143.8
Accounts payable and other accrued liabilities, long term	42.3	45.0
Total liabilities	455.6	548.5
Commitments and contingencies - see Note F		
Equity:		
Cannae common stock, 0.0001 par value; authorized 115,000,000 shares as of September 30, 2022 and December 31, 2021; outstanding of 78,519,591 and 86,886,034 shares as of September 30, 2022 and December 31, 2021, respectively, and issued of 92,519,669 and 92,460,514 shares as of September 30, 2022 and December 31, 2021, respectively	—	—
Preferred stock, 0.0001 par value; authorized 10,000,000 shares; issued and outstanding, none as of September 30, 2022 and December 31, 2021	—	—
Retained earnings	1,187.2	1,642.8
Additional paid-in capital	1,924.4	1,888.3
Less: Treasury stock, 14,000,078 and 5,574,480 shares as of September 30, 2022 and December 31, 2021, respectively, at cost	(363.3)	(188.6)
Accumulated other comprehensive loss	(20.8)	(7.2)
Total Cannae shareholders' equity	2,727.5	3,335.3
Noncontrolling interests	(2.0)	5.8
Total equity	2,725.5	3,341.1
Total liabilities and equity	$ 3,181.1	$ 3,889.6

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenues:				
Restaurant revenue	$ 154.6	$ 175.1	$ 483.4	$ 532.3
Other operating revenue	9.9	10.9	23.0	28.0
Total operating revenues	164.5	186.0	506.4	560.3
Operating expenses:				
Cost of restaurant revenue	141.1	154.8	434.4	462.8
Personnel costs	12.4	21.9	49.5	58.3
Depreciation and amortization	5.7	6.3	17.7	20.6
Other operating expenses	26.6	27.8	128.7	115.6
Total operating expenses	185.8	210.8	630.3	657.3
Operating loss	(21.3)	(24.8)	(123.9)	(97.0)
Other income (expense):				
Interest, investment and other income	—	18.7	0.1	20.1
Interest expense	(3.6)	(2.3)	(8.6)	(6.9)
Recognized gains (losses), net	175.0	(186.2)	(283.8)	(224.7)
Total other income (expense)	171.4	(169.8)	(292.3)	(211.5)
Earnings (loss) before income taxes and equity in (losses) earnings of unconsolidated affiliates	150.1	(194.6)	(416.2)	(308.5)
Income tax expense (benefit)	17.0	(34.7)	(111.4)	(47.4)
Earnings (loss) before equity in (losses) earnings of unconsolidated affiliates	133.1	(159.9)	(304.8)	(261.1)
Equity in (losses) earnings of unconsolidated affiliates	(77.9)	41.4	(154.0)	86.5
Net earnings (loss)	55.2	(118.5)	(458.8)	(174.6)
Less: Net (loss) earnings attributable to noncontrolling interests	(0.1)	2.5	(3.2)	3.1
Net earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 55.3	$ (121.0)	$ (455.6)	$ (177.7)
Earnings per share				
Basic				
Net earnings (loss) per share	$ 0.69	$ (1.36)	$ (5.49)	$ (1.97)
Diluted				
Net earnings (loss) per share	$ 0.69	$ (1.36)	$ (5.49)	$ (1.97)
Weighted Average Shares Outstanding				
Weighted average shares outstanding Cannae Holdings common stock, basic basis	79.6	88.8	83.0	90.3
Weighted average shares outstanding Cannae Holdings common stock, diluted basis	79.6	88.9	83.0	90.4

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(In millions)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Net earnings (loss)	$ 55.2	$ (118.5)	$ (458.8)	$ (174.6)
Other comprehensive loss, net of tax:				
Unrealized gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) (1)	—	—	—	0.5
Unrealized losses of investments in unconsolidated affiliates (2)	(8.7)	(3.0)	(16.3)	(5.7)
Reclassification adjustments for unrealized gains and losses on investments and other financial instruments, net of tax, (excluding investments in unconsolidated affiliates) included in net earnings (3)	—	—	—	(10.9)
Reclassification adjustments for unrealized gains and losses of unconsolidated affiliates, net of tax, included in net earnings (4)	2.7	—	2.7	2.2
Other comprehensive loss	(6.0)	(3.0)	(13.6)	(13.9)
Comprehensive earnings (loss)	49.2	(121.5)	(472.4)	(188.5)
Less: Comprehensive (loss) earnings attributable to noncontrolling interests	(0.1)	2.5	(3.2)	3.1
Comprehensive earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 49.3	$ (124.0)	$ (469.2)	$ (191.6)

(1) Net of income tax expense of $0.1 million for the nine months ended September 30, 2021.

(2) Net of income tax benefit of $(2.3) million and $(0.8) million for the three months ended September 30, 2022 and 2021, respectively, and $(4.3) million and $(1.5) million for the nine months ended September 30, 2022 and 2021, respectively.

(3) Net of income tax benefit of $(2.9) million for the nine months ended September 30, 2021.

(4) Net of income tax expense of $0.7 million for the three months ended September 30, 2022 and $0.7 million and $0.6 million for the nine months September 30, 2022 and 2021, respectively.

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp (Loss) Earnings	Treasury Stock		Non-controlling Interests	Total Equity
	Shares	$				Shares	$		
Balance, June 30, 2021	92.4	$ —	$ 1,880.8	$ 1,873.1	$ (15.8)	3.2	$ (110.8)	$ 6.2	$ 3,633.5
Other comprehensive earnings — unrealized losses of investments in unconsolidated affiliates, net of tax	—	—	—	—	(3.0)	—	—	—	(3.0)
Treasury stock repurchases	—	—	—	—	—	0.2	(6.8)	—	(6.8)
Stock-based compensation, consolidated subsidiaries	—	—	0.6	—	—	—	—	—	0.6
Stock-based compensation, unconsolidated affiliates	—	—	2.3	—	—	—	—	—	2.3
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(0.3)	(0.3)
Net (loss) earnings	—	—	—	(121.0)	—	—	—	2.5	(118.5)
Balance, September 30, 2021	92.4	$ —	$ 1,883.7	$ 1,752.1	$ (18.8)	3.4	$ (117.6)	$ 8.4	$ 3,507.8
Balance, June 30, 2022	92.5	$ —	$ 1,913.5	$ 1,131.9	$ (14.8)	12.4	$ (327.2)	$ 2.7	$ 2,706.1
Other comprehensive earnings — unrealized losses of investments in unconsolidated affiliates, net of tax	—	—	—	—	(8.7)	—	—	—	(8.7)
Reclassification adjustments for unrealized gains and losses on unconsolidated affiliates, net of tax, included in net earnings (loss)	—	—	—	—	2.7	—	—	—	2.7
Treasury stock repurchases	—	—	—	—	—	1.6	(36.1)	—	(36.1)
Stock-based compensation, consolidated subsidiaries	—	—	0.4	—	—	—	—	—	0.4
Stock-based compensation, unconsolidated affiliates	—	—	10.5	—	—	—	—	—	10.5
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(4.6)	(4.6)
Net earnings (loss)	—	—	—	55.3	—	—	—	(0.1)	55.2
Balance, September 30, 2022	92.5	$ —	$ 1,924.4	$ 1,187.2	$ (20.8)	14.0	$ (363.3)	$ (2.0)	$ 2,725.5

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY - CONTINUED
(In millions)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comp (Loss) Earnings	Treasury Stock		Non-controlling Interests	Total Equity
	Shares	$				Shares	$		
Balance, December 31, 2020	92.4	$ —	$ 1,875.8	$ 1,929.8	$ (4.9)	0.7	$ (21.1)	$ 5.6	$ 3,785.2
Other comprehensive earnings — unrealized gain on investments and other financial instruments, net of tax	—	—	—	—	0.5	—	—	—	0.5
Other comprehensive earnings — unrealized losses of investments in unconsolidated affiliates, net of tax	—	—	—	—	(5.7)	—	—	—	(5.7)
Reclassification adjustments for unrealized gains and losses on investments and other financial instruments, net of tax, (excluding investments in unconsolidated affiliates) included in net earnings	—	—	—	—	(10.9)	—	—	—	(10.9)
Reclassification adjustments for unrealized gains and losses on unconsolidated affiliates, net of tax, included in net earnings	—	—	—	—	2.2			—	2.2
Treasury stock repurchases	—	—	—	—	—	2.7	(96.5)	—	(96.5)
Stock-based compensation, consolidated subsidiaries	—	—	2.0	—	—	—	—	—	2.0
Stock-based compensation, unconsolidated affiliates	—	—	5.9	—	—	—	—	—	5.9
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(0.3)	(0.3)
Net (loss) earnings	—	—	—	(177.7)	—	—	—	3.1	(174.6)
Balance, September 30, 2021	92.4	$ —	$ 1,883.7	$ 1,752.1	$ (18.8)	3.4	$ (117.6)	$ 8.4	$ 3,507.8
Balance, December 31, 2021	92.4	$ —	$ 1,888.3	$ 1,642.8	$ (7.2)	5.6	$ (188.6)	$ 5.8	$ 3,341.1
Other comprehensive earnings — unrealized losses of investments in unconsolidated affiliates, net of tax	—	—	—	—	(16.3)	—	—	—	(16.3)
Reclassification adjustments for unrealized gains and losses on unconsolidated affiliates, net of tax, included in net loss	—	—	—	—	2.7	—	—	—	2.7
Treasury stock repurchases	—	—	—	—	—	8.4	(174.7)	—	(174.7)
Issuance of restricted stock	0.1	—	—	—	—	—	—	—	—
Stock-based compensation, consolidated subsidiaries	—	—	1.1	—	—	—	—	—	1.1
Stock-based compensation, unconsolidated affiliates	—	—	35.0	—	—	—	—	—	35.0
Subsidiary dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(4.6)	(4.6)
Net loss	—	—	—	(455.6)	—	—	—	(3.2)	(458.8)
Balance, September 30, 2022	92.5	$ —	$ 1,924.4	$ 1,187.2	$ (20.8)	14.0	$ (363.3)	$ (2.0)	$ 2,725.5

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash flows from operating activities:		
Net loss	$ (458.8)	$ (174.6)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	17.7	20.6
Equity in losses (earnings) of unconsolidated affiliates	154.0	(86.5)
Distributions from investments in unconsolidated affiliates	14.7	5.4
Recognized losses and asset impairments, net	286.0	225.0
Lease asset amortization	15.3	15.8
Stock-based compensation expense	1.0	2.0
Non-cash carried interest expense	31.8	—
Changes in assets and liabilities, net of effects from acquisitions:		
Net decrease in trade receivables	11.3	—
Net (increase) decrease in other assets	(3.3)	22.6
Net decrease in lease liabilities	(12.4)	(18.9)
Net decrease in accounts payable, accrued liabilities, deferred revenue and other liabilities	(42.5)	(11.6)
Net change in income taxes	(201.6)	(141.4)
Net cash used in operating activities	(186.8)	(141.6)
Cash flows from investing activities:		
Proceeds from partial sale of Ceridian shares	285.7	275.0
Proceeds from partial sale of AmeriLife	152.5	—
Proceeds from partial sale of D&B shares	127.2	186.0
Proceeds from sale of CorroHealth	78.7	—
Additions to property and equipment and other intangible assets	(10.2)	(7.7)
Collections of notes receivable	0.9	2.8
Additions to notes receivable	—	(18.6)
Proceeds from sales of property and equipment	1.4	10.3
Proceeds from sale of investments in unconsolidated affiliates and other long term investments	173.4	18.5
Investment in System1	(246.5)	—
Investment in Paysafe, net of subscription fees earned	—	(494.4)
Investments in Alight, net of subscription fees earned	—	(446.3)
Investments in Sightline	—	(272.0)
Purchase of AAII Warrants	—	(29.6)
Additional investments in unconsolidated affiliates	—	(8.5)
Cash proceeds from settlement of fixed maturity securities and equity in Colt	—	38.7
Cash proceeds from sales of VIBSQ, Legendary Baking, and RCI	—	28.2
Purchases of other long term investments	(4.8)	(4.0)
Distributions from investments in unconsolidated affiliates	4.0	281.3
Net other investing activities	—	2.6
Net cash provided by (used in) investing activities	562.3	(437.7)
Cash flows from financing activities:		
Borrowings	308.4	206.5
Debt service payments	(214.3)	(21.2)
Subsidiary distributions paid to noncontrolling interest shareholders	(4.6)	—
Treasury stock repurchases	(179.7)	(96.5)
Net cash (used in) provided by financing activities	(90.2)	88.8
Net increase (decrease) in cash and cash equivalents	285.3	(490.5)
Cash and cash equivalents at beginning of period	85.8	724.7
Cash and cash equivalents at end of period	$ 371.1	$ 234.2

See Notes to Condensed Consolidated Financial Statements

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note A — Basis of Financial Statements

The following describes the significant accounting policies of Cannae Holdings, Inc. and its subsidiaries (collectively, "we," "us," "our," "Cannae," "CNNE," or the "Company"), which have been followed in preparing the accompanying Condensed Consolidated Financial Statements.

Description of the Business

We primarily acquire interests in operating companies and are engaged in actively managing and operating a core group of those companies, which we are committed to supporting for the long-term. From time to time, we also seek to take meaningful equity ownership stakes where we have the ability to control or significantly influence quality companies, and we bring the strength of our operational expertise to each of our subsidiaries. We are a long-term owner that secures control and governance rights of other companies primarily to engage in their lines of business and we have no preset time constraints dictating when we sell or dispose of our businesses. We believe that our long-term ownership and active involvement in the management and operations of companies helps maximize the value of those businesses for our shareholders. Our primary assets as of September 30, 2022 include our ownership interests in Dun & Bradstreet Holdings, Inc. ("Dun & Bradstreet" or "D&B"), Ceridian HCM Holding, Inc. ("Ceridian"), Alight, Inc. ("Alight"), Paysafe Limited ("Paysafe"), Sightline Payments Holdings, LLC ("Sightline" or "Sightline Payments"), System1, Inc. ("System1") and AmeriLife Group, LLC ("AmeriLife"); majority equity ownership stakes in O'Charley's Holdings, LLC ("O'Charley's") and 99 Restaurants Holdings, LLC ("99 Restaurants"); various other controlled portfolio companies and certain minority equity ownership interests.

See Note G for further discussion of the businesses comprising our reportable segments.

We conduct our business through our wholly-owned subsidiary Cannae Holdings, LLC ("Cannae LLC"), a Delaware limited liability company. Our board of directors ("Board") oversees the management of the Company, Cannae LLC and its businesses, and the performance of our external manager, Trasimene Capital Management, LLC ("Trasimene" or our "Manager").

Principles of Consolidation and Basis of Presentation

The accompanying Condensed Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and the instructions to Form 10-Q and Article 10 of Regulation S-X and include the historical accounts as well as wholly-owned and majority-owned subsidiaries of the Company. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All adjustments made were of a normal, recurring nature. This report should be read in conjunction with our Annual Report on Form 10-K (our "Annual Report") for the year ended December 31, 2021.

All intercompany profits, transactions and balances have been eliminated. Our ownership interests in non-majority-owned partnerships and affiliates are accounted for under the equity method of accounting or as equity securities. Earnings attributable to noncontrolling interests recorded on the Condensed Consolidated Statements of Operations represents the portion of our majority-owned subsidiaries' net earnings or loss that is owned by noncontrolling shareholders of such subsidiaries. Noncontrolling interest recorded on the Condensed Consolidated Balance Sheets represents the portion of equity owned by noncontrolling shareholders in our consolidated subsidiaries.

Management Estimates

The preparation of these Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include the fair value measurements (Note C). Actual results may differ from estimates.

Recent Developments

Ceridian

In January 2022, we completed the sale of 2.0 million shares of common stock of Ceridian pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended ("Rule 144"). In connection with the sale, we received proceeds of $173.3 million.

In May 2022 and June 2022, we completed the sale of an additional 2.0 million shares of common stock of Ceridian on the open market. In connection with such sales, we received proceeds of $112.4 million.

We owned 6.0 million shares of Ceridian common stock as of September 30, 2022, which represented approximately 3.9% of its outstanding stock as of September 30, 2022.

Refer to Notes C and D for further discussion of our accounting for our ownership interest in Ceridian and other equity securities.

System1

On January 10, 2022, we entered into an amendment to the backstop facility agreement (the "S1 Backstop Agreement") pursuant to which our commitment to fund redemptions of shareholders of Trebia Acquisition Corp. ("Trebia") in conjunction with its merger with System1 (the "Trebia System1 Business Combination") increased from $200.0 million to $250.0 million. Also on January 10, 2022, we entered into an amended and restated sponsor agreement with the sponsors of Trebia pursuant to which the sponsors will forfeit up to an additional Trebia 1,352,941 Class B ordinary shares to Trebia, and Trebia will issue to Cannae an equal number of shares of Trebia Class A common stock in connection with, and based upon the extent of, Cannae's obligation with respect to the increase in our backstop commitment. Trebia was co-sponsored by entities affiliated with the chairman and a member of our board of directors ("Board"), William P. Foley II and Frank R. Martire, respectively.

On January 27, 2022, the Trebia System1 Business Combination was completed and System1 merged with and into Trebia, with System1 as the surviving corporation. Beginning on January 28, 2022, System1's common stock began trading on the NYSE under the ticker symbol "SST." Upon the completion of the Trebia System1 Business Combination, Cannae has invested a total of $248.3 million in System1, directly and indirectly owned 28.2 million of System1 common shares and indirectly owned 1.2 million warrants to purchase SST common shares (the "System1 Warrants").

On March 17, 2022, the trading price of System1 Class A common stock exceeded certain thresholds resulting in the conversion of System1's outstanding Class D common stock to Class A common stock. As a result, the 833,750 shares of System1 Class D common stock held by the sponsor of Trebia, Trasimene Trebia LP ("Trebia Sponsor"), in which the Company owned a 26.1% limited partnership interest converted to shares of System1 Class A common stock. Cannae's ratable portion of such shares is 217,500 shares.

On April 18, 2022, Trebia Sponsor exercised its System1 warrants on a cashless basis in exchange for System 1 Class A common stock. As a result, Cannae no longer has an indirect interest in any System1 warrants and has an indirect interest in an additional 0.5 million shares of System1 common stock held by Trebia Sponsor and we now have an indirect interest in a total of 1.7 million shares of System 1 common stock held by Trebia Sponsor.

In April 2022 and May 2022, we sold an aggregate of 1.7 million shares of System1 common stock for aggregate proceeds of $22.7 million.

We account for our direct ownership of the common equity of System1 under the equity method of accounting. See Note D for further discussion of our accounting for our ownership of the common equity of System1.

As of September 30, 2022, we directly and indirectly owned 27.1 million shares of System1 common stock representing an approximate 24.1% ownership interest.

Optimal Blue

On February 15, 2022, we completed the disposition (the "Optimal Blue Disposition") of our ownership interests in Optimal Blue Holdco, LLC ("Optimal Blue") to Black Knight, Inc. ("Black Knight") pursuant to a purchase agreement dated as of February 15, 2022, by and among Black Knight, Cannae, and Optimal Blue, among others. In conjunction with the Optimal Blue Disposition, Cannae received aggregate consideration of (y) $144.5 million in cash and (z) 21.8 million shares of common stock, par value $0.0001 per share, of Dun & Bradstreet. Following the consummation of the Optimal Blue Disposition, Cannae no longer has any ownership interest in Optimal Blue. We recorded a gain of $313.0 million on the sale which is included in Recognized gains (losses), net on the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2022.

Dun & Bradstreet

On February 15, 2022, we received 21.8 million shares of D&B as partial consideration for the Optimal Blue Disposition. Subsequently, we transferred to our Manager 1.6 million of the D&B shares we received as part of our carried interest paid related to the Optimal Blue Disposition. See Note D for further discussion of our accounting for our increased ownership interest in D&B.

In July 2022, we completed the sale of 9.2 million shares of common stock of D&B to a broker pursuant to Rule 144. In connection with the sale, we received proceeds of $127.2 million and recorded a gain of $23.2 million.

On July 28, 2022, the board of directors of D&B declared a quarterly cash dividend of $0.05 per share of DNB common stock. In September 2022, we received $4.0 million of cash dividends from D&B which are recorded as a reduction to the basis of our recorded asset for D&B.

As of September 30, 2022, we owned 79.0 million shares of D&B, which represented approximately 18.1% of its outstanding common stock.

Alight

In March 2022, the sponsor of Foley Trasimene Acquisition Corp. ("FTAC") distributed all of its interest in Alight to its limited partners, including Cannae. As a result, Cannae now directly holds all of its interest in common equity of Alight. As of September 30, 2022, Cannae directly holds approximately 9.7% of the outstanding common equity of Alight.

AmeriLife

In June 2022, AmeriLife announced an investment from a leading private equity firm. In conjunction with the new investment, we entered into a redemption agreement pursuant to which we divested of 46.0% of our ownership interest in AmeriLife (the "June AmeriLife Sale"). On August 31, 2022, we closed the June AmeriLife Sale and received gross cash proceeds of $152.5 million ($4.6 million of which was subsequently distributed to noncontrolling interest holders). As a result of the June AmeriLife Sale, we recorded a gain of $102.5 million.

On September 14, 2022, we entered into a contribution, redemption and equity purchase agreement pursuant to which we agreed to sell a portion of the ownership interest in AmeriLife that we retained subsequent to the June AmeriLife Sale (the "September AmeriLife Sale"). We expect to receive gross cash proceeds of approximately $97.5 million (of which we expect to distribute $2.9 million to noncontrolling interest holders) from the September AmeriLife Sale and to retain an equity interest in AmeriLife valued at approximately $86.5 million. The September AmeriLife Sale is expected to close in the fourth quarter of 2022.

As of September 30, 2022, we held a 9.9% equity ownership interest in AmeriLife. Upon closing of the September AmeriLife Sale, we expect that we will own a residual 4.6% ownership interest in AmeriLife.

CorroHealth

On September 30, 2022, we sold all of our equity interest in Coding Solutions Topco, Inc. ("CorroHealth") for cash proceeds of $78.7 million (the "CorroHealth Sale"). As a result of the CorroHealth Sale, we recorded a gain of $5.9 million.

Subsequent to the transaction, we have no further equity interest or involvement in CorroHealth.

Other Developments

Effective February 26, 2021, our Board authorized a three-year stock repurchase program (the "2021 Repurchase Program") under which the Company may repurchase up to 10 million shares of its common stock. Purchases may be made from time to time in the open market at prevailing prices or in privately negotiated transactions through February 26, 2024. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time. During the nine months ended September 30, 2022, we repurchased 8,425,598 shares of CNNE common stock for approximately $174.7 million in the aggregate, or an average of $20.74 per share, pursuant to the 2021 Repurchase Program, of which 5,775,598 shares were repurchased from Fidelity National Financial, ("FNF") for an aggregate amount of $108.7 million. Subsequent to September 30, 2022, we repurchased an additional 499,301 shares of CNNE common stock for approximately $10.6 million in the aggregate, or an average of $21.14 per share, pursuant to the 2021 Repurchase Program.

On August 3, 2022, our Board authorized a new three-year stock repurchase program, (the "2022 Repurchase Program"), under which the Company may repurchase up to 10.0 million shares of its common stock. Purchases may be made from time to time in the open market at prevailing prices or in privately negotiated transactions through August 3, 2025. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time.

As previously disclosed, on June 20, 2022, we signed a non-binding letter of intent to invest in Eagle Football Holdings LLC ("Eagle"). Cannae and other third-party investors intended to each make an investment in Eagle in a form that was to be negotiated by all parties. In connection with the contemplated investment in Eagle, Cannae provided a debt commitment letter to John Textor, an individual, pursuant to which Cannae committed to provide a credit facility of up to a maximum principal amount of €523.0 million (the "Eagle Commitment") in connection with Eagle's contemplated acquisition of equity interests in Olympique Lyonnais Groupe SA. On October 11, 2022, we provided written confirmation to Mr. Textor terminating the Eagle Commitment.

On August 19, 2022, we entered into a subscription agreement with BGPT Catalyst, L.P. (the "CSI LP") pursuant to which we committed to acquire a 32% limited partnership ownership interest in CSI LP for cash consideration of approximately $84.0 million (the "CSI Subscription"). CSI LP is managed by entities affiliated with Frank Martire, a member of our Board, and is part of a consortium of investors who have committed to acquire Computer Services, Inc. ("CSI"). We expect to have an approximate 9% indirect, economic interest in CSI as a result of the transaction which is expected to close in the fourth quarter of 2022. On November 8, 2022, we funded the CSI Subscription.

On October 8, 2022, we entered into a limited partnership agreement with Black Knight Football and Entertainment, LP ("BKFE") and committed to purchase a 50.1% limited partnership ownership interest in BKFE for $125.8 million (the "BKFE Commitment"). Also on October 8, 2022, BKFE entered into a stock purchase agreement to acquire 100% of the equity interests of Athletic Football Club Bournemouth ("AFCB"), a football club which competes in the English Premier League. The chairman of our Board, William P. Foley II, is the general partner of BKFE and is expected to own a 25% economic interest in BKFE upon closing. We expect to fund the BKFE Commitment in three installment payments expected to be made between the fourth quarter of 2022 and the third quarter of 2023.

Related Party Transactions

During the three and nine months ended September 30, 2022, we incurred $9.7 million and $30.9 million, respectively, of management fee expenses payable to our Manager, and during the three and nine months ended September 30, 2021, we incurred $8.9 million and $24.7 million, respectively, of management fee expenses payable to our Manager. During the three and nine months ended September 30, 2022, we incurred $1.9 million and $49.3 million, respectively, of carried interest expense related to disposition of certain of the Company's assets and ownership interests. During the three and nine months ended September 30, 2021, we incurred zero and $37.4 million, respectively, of carried interest expense related to the disposition of certain of the Company's assets and ownership interests. These expenses are recorded in Other operating expenses on our Condensed Consolidated Statement of Operations.

Earnings Per Share

Basic earnings per share, as presented on the Condensed Consolidated Statement of Operations, is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period.

In periods when earnings are positive, diluted earnings per share is calculated by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding plus the impact of assumed conversions of potentially dilutive securities. For periods when we recognize a net loss, diluted loss per share is equal to basic loss per share as the impact of assumed conversions of potentially dilutive securities is considered to be antidilutive. We have granted certain shares of restricted stock that have been treated as common share equivalents for purposes of calculating diluted earnings per share for periods in which positive earnings have been reported.

Instruments that provide the ability to purchase shares of our common stock that are antidilutive are excluded from the computation of diluted earnings per share. For the three and nine months ended September 30, 2022, there were zero and 0.1 million antidilutive shares of restricted stock outstanding, respectively, that were excluded from the calculation of diluted earnings per share. For the three and nine months ended September 30, 2021, there were no antidilutive shares of restricted stock outstanding that were excluded from the calculation of diluted earnings per share.

Income Tax

Our effective tax rate was 11.3% and 17.8% in the three months ended September 30, 2022 and 2021, respectively, and 26.8% and 15.4% in the nine months ended September 30, 2022 and 2021, respectively. The change in the effective tax rate in the three and nine-month period ended September 30, 2022 compared to the corresponding prior year period was primarily attributable to the varying impact of equity in (losses) earnings of unconsolidated affiliates on income tax (benefit) expense.

We have a Deferred tax asset of $76.0 million as of September 30, 2022 and liability of $143.8 million as of December 31, 2021. The $219.8 million change in deferred taxes in the nine months ended September 30, 2022 is primarily attributable to sales of Ceridian shares, mark to market losses recorded on Ceridian and other securities, impairment recorded to the value of our ownership in Paysafe and the increase in equity in losses of Paysafe.

Recent Accounting Pronouncements

We have completed our evaluation of the recently issued accounting pronouncements and we did not identify any that are expected to, if currently adopted, have a material impact on our Condensed Consolidated Financial Statements.

Change in Accounting Principle

We historically accounted for our ownership interest and proportionate share of losses in Alight utilizing a three-month reporting lag due to timeliness considerations. In the second quarter of 2022, the Company was able to obtain financial information for Alight on a more timely basis and began recording our ownership interest in Alight on a current basis as opposed to the previous three-month lag. The elimination of the three-month reporting lag for our equity ownership in Alight did not result in any material adjustments to the current or prior periods.

Note B — Revenue Recognition

Disaggregation of Revenue

Our revenue consists of:

		Three Months Ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Revenue Stream	Segment	Total Revenue			
Restaurant revenue:		(in millions)			
Restaurant sales	Restaurant Group	$ 154.4	$ 169.0	$ 482.9	$ 507.6
Bakery sales	Restaurant Group	—	5.5	—	22.1
Franchise and other	Restaurant Group	0.2	0.6	0.5	2.6
Total restaurant revenue		154.6	175.1	483.4	532.3
Other operating revenue:					
Real estate and resort	Corporate and other	9.7	9.7	22.3	25.4
Other	Corporate and other	0.2	1.2	0.7	2.6
Total other operating revenue		9.9	10.9	23.0	28.0
Total operating revenues		$ 164.5	$ 186.0	$ 506.4	$ 560.3

Restaurant revenue consists of restaurant sales, bakery operations, and, to a lesser extent, franchise revenue and other revenue. Restaurant sales include food and beverage sales and gift card breakage, are net of applicable state and local sales taxes and discounts, and are recognized at a point in time as services are performed and goods are provided.

Revenue from bakery operations is recognized at a point in time in the period during which the products are shipped and control transfers to the customer.

Franchise and other revenue consist of development fees and royalties on sales by franchised units. Initial franchise fees are recognized as income upon commencement of the franchise operation and completion of all material services and conditions by the Company. Royalties are calculated as a percentage of the franchisee sales and recognized in the period in which the sales are generated. Revenue resulting from the sale of gift cards is recognized in the period in which the gift card is redeemed and is recorded as deferred revenue until recognized.

Other operating revenue consists of income generated by our resort operations, which includes sales of real estate, lodging rentals, food and beverage sales, and other income from various resort services offered. Revenue is recognized upon closing of the sale of real estate or once goods and services have been provided and billed to the customer.

Contract Balances

The following table provides information about trade receivables and deferred revenue:

	September 30, 2022	December 31, 2021
	(In millions)	
Trade receivables, net	$ 5.9	$ 17.7
Deferred revenue (contract liabilities)	13.6	23.1

Deferred revenue is recorded primarily for restaurant gift card sales. The unrecognized portion of such revenue is recorded as Deferred revenue in the Condensed Consolidated Balance Sheets. Revenue of $3.3 million and $10.9 million, respectively, was recognized in the three and nine months ended September 30, 2022 that was included in Deferred revenue at the beginning of the period. Revenue of $3.8 million and $13.3 million, respectively, was recognized in the three and nine months ended September 30, 2021 that was included in Deferred revenue at the beginning of the period.

There was no impairment related to contract balances.

Note C — Fair Value Measurements

The fair value hierarchy established by the accounting standards on fair value measurements includes three levels, which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities that are recorded in the Consolidated Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on model inputs that are unobservable.

Recurring Fair Value Measurements

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021, respectively:

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Equity securities:				
Ceridian	$ 335.3	$ —	$ —	$ 335.3
Total equity securities	335.3	—	—	335.3
Other noncurrent assets:				
Paysafe Warrants	1.1	—	—	1.1
Total other noncurrent assets	1.1	—	—	1.1
Total Assets	$ 336.4	$ —	$ —	$ 336.4

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Equity securities:				
Ceridian	$ 1,044.6	$ —	$ —	$ 1,044.6
Other	—	—	0.5	0.5
Total equity securities	1,044.6	—	0.5	1,045.1
Other noncurrent assets:				
S1 Backstop Agreement	—	12.0	—	12.0
Paysafe Warrants	5.4	—	—	5.4
AAII Warrants	—	19.3	—	19.3
Total other noncurrent assets	5.4	31.3	—	36.7
Total assets	$ 1,050.0	$ 31.3	$ 0.5	$ 1,081.8

The following table presents a summary of the changes in the fair values of Level 3 assets measured on a recurring basis (in millions).

	Three Months Ended September 30, 2021			
	Forward Purchase Agreements	Subscription Agreements	AAII Warrants	Total
Fair value, beginning of period	$ 8.1	$ 7.9	$ 24.7	$ 40.7
Net valuation gain (loss) included in earnings (1)	1.2	(9.2)	(4.0)	(12.0)
Reclassification to investments in unconsolidated affiliates and warrants	(10.8)	1.3	—	(9.5)
Transfers to Level 2	—	—	(20.7)	(20.7)
Fair value, end of period	$ (1.5)	$ —	$ —	$ (1.5)

	Nine Months Ended September 30, 2021				
	Corporate debt securities	Forward Purchase Agreements	Subscription Agreements	AAII Warrants	Total
Fair value, beginning of period	$ 35.2	$ 136.1	$ 169.6	$ —	$ 340.9
Recognized gain on settlement (1)	1.5	—	—	—	1.5
Settlement of corporate debt securities	(37.3)	—	—	—	(37.3)
Net valuation (loss) gain included in earnings (1)	—	(26.2)	7.7	(8.9)	(27.4)
Reclassification to investments in unconsolidated affiliates and warrants	—	(111.4)	(177.3)	—	(288.7)
Purchase of AAII Warrants	—	—	—	29.6	29.6
Net valuation gain included in other comprehensive earnings (2)	0.6	—	—	—	0.6
Transfers to Level 2	—	—	—	(20.7)	(20.7)
Fair value, end of period	$ —	$ (1.5)	$ —	$ —	$ (1.5)

(1) Included in Recognized gains and (losses), net on the Condensed Consolidated Statements of Operations
(2) Included in Unrealized gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) on the Condensed Consolidated Statements of Comprehensive Earnings (Loss)

We had no material assets or liabilities valued on a recurring basis using Level 3 inputs as of or for the nine months ended September 30, 2022.

All of the unrealized gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) on our Condensed Consolidated Statements of Comprehensive Earnings (Loss) for the nine months ended September 30, 2021 relate to fixed maturity securities that are considered Level 3 fair value measures.

Additional information regarding the fair value of our investment portfolio is included in Note D.

The carrying amounts of trade receivables and notes receivable approximate fair value due to their short-term nature. The fair value of our notes payable is included in Note E.

Note D — Investments

Equity Securities

Gains (losses) on equity securities included in Recognized losses, net on the Condensed Consolidated Statements of Operations consisted of the following for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions)			
Net gains (losses) recognized during the period on equity securities	$ 52.8	$ 190.2	$ (423.7)	$ 14.4
Less: net gains (losses) recognized during the period on equity securities sold or transferred during the period	—	8.1	(132.2)	(52.1)
Unrealized gains (losses) recognized during the reporting period on equity securities held at the reporting date	$ 52.8	$ 182.1	$ (291.5)	$ 66.5

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates recorded using the equity method of accounting as of September 30, 2022 and December 31, 2021 consisted of the following:

	Ownership at September 30, 2022	September 30, 2022	December 31, 2021
		(in millions)	
Dun & Bradstreet	18.1 %	$ 850.7	$ 595.0
Alight/FTAC Sponsor	9.7 %	535.0	505.0
Sightline	32.4 %	249.5	269.5
System1/Trebia Sponsor	24.1 %	237.7	—
AmeriLife	9.9 %	58.7	112.7
Paysafe	8.2 %	51.3	431.1
Optimal Blue	— %	—	267.7
Other	various	13.6	80.3
Total		$ 1,996.5	$ 2,261.3

The aggregate fair value of our direct and indirect ownership in the common stock of unconsolidated affiliates that have quoted market prices as of September 30, 2022 consisted of the following:

	September 30, 2022
	(in millions)
Dun & Bradstreet	$ 979.4
Alight	384.7
System1	170.6
Paysafe	82.5

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

Equity in (losses) earnings of unconsolidated affiliates for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions)			
Dun & Bradstreet	$ (0.7)	$ 2.6	$ (10.8)	$ (13.0)
Paysafe/Trasimene Capital FT, LP II ("FTAC II Sponsor")	(54.3)	(7.1)	(144.2)	64.3
Alight/FTAC Sponsor	(4.4)	49.9	4.8	49.9
System1/Trebia Sponsor	(8.9)	—	(5.2)	—
Optimal Blue	—	(2.7)	(1.3)	(10.9)
AmeriLife	(2.8)	(4.5)	(5.2)	(11.5)
Sightline[1]	(6.6)	(0.1)	(15.1)	(0.1)
Other	(0.2)	3.3	23.0	7.8
Total	$ (77.9)	$ 41.4	$ (154.0)	$ 86.5

(1) Equity in losses for Sightline includes $1.9 million and $5.7 million of loss in the three and nine months ended September 30, 2022, respectively, related to amortization of Cannae's basis difference between the book value of its investment and ratable portion of the underlying equity in net assets of Sightline.

Dun & Bradstreet

As of September 30, 2022, there was a $211.2 million difference between the amount of our recorded ownership interest in D&B and the amount of the Company's ratable portion of the underlying equity in the net assets of D&B. The basis difference is primarily a result of our increased ownership resulting from the Optimal Blue Disposition. As of September 30, 2022, $142.4 million of such basis difference is allocated to amortizing intangible assets, $59.7 million to indefinite-lived intangible assets and the remaining basis difference of $9.1 million to equity method goodwill, which represents the excess of our basis difference over our equity in D&B's net assets that are not attributable to their identifiable net assets.

Summarized financial information for D&B for the relevant dates and time periods included in Investments in unconsolidated affiliates and Equity in earnings of unconsolidated affiliates in our Condensed Consolidated Balance Sheets and Statements of Operations, respectively, is presented below.

	September 30, 2022	December 31, 2021
	(In millions)	
Total current assets	$ 666.6	$ 718.0
Goodwill and other intangible assets, net	7,796.7	8,317.8
Other assets	966.4	961.4
Total assets	$ 9,429.7	$ 9,997.2
Current liabilities	$ 936.4	$ 1,004.9
Long-term debt	3,552.1	3,716.7
Other non-current liabilities	1,353.6	1,530.3
Total liabilities	5,842.1	6,251.9
Total equity	3,587.6	3,745.3
Total liabilities and equity	$ 9,429.7	$ 9,997.2

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In millions)			
Total revenues	$ 556.3	$ 541.9	$ 1,629.6	$ 1,567.3
Earnings (loss) before income taxes	5.7	14.7	(34.8)	(27.5)
Net earnings (loss)	10.4	18.2	(19.4)	(55.9)
Net earnings attributable to noncontrolling interest	(2.4)	(1.6)	(5.7)	(4.2)
Net earnings (loss) attributable to Dun & Bradstreet	8.0	16.6	(25.1)	(60.1)

System1

We acquired our ownership interest in System1 on January 27, 2022. We account for our ownership of System1 pursuant to the equity method of accounting and report our equity in earnings or loss of System1 on a three-month lag. Accordingly, our net loss for the three and nine months ended September 30, 2022 includes our equity in the losses of System1 for the three months ended June 30, 2022 and the period from January 27, 2022 through June 30, 2022.

As of September 30, 2022, there was a $38.9 million difference between the amount of our recorded ownership interest in System1 and Trebia Sponsor and the amount of the Company's ratable portion of the underlying equity in the net assets of System1 and Trebia Sponsor. All of the basis difference has been allocated to equity method goodwill, which represents the excess of our basis difference over our equity in System 1 and Trebia Sponsor's net assets that are not attributable to their identifiable net assets.

Paysafe

Based on quoted market prices, the aggregate value of our ownership of Paysafe common stock was $202.6 million as of March 31, 2022 and the book value of our ownership interest in Paysafe was $438.6 million prior to any impairment. Due primarily to the quantum of the decrease in the fair market value of our ownership interest, as well as negative trends in the alternative payments industry and decreasing market multiples of peer companies, management determined the decrease in value of our ownership interest in Paysafe was other-than-temporary. Accordingly, we recorded an impairment charge of $236.0 million in the nine months ended September 30, 2022 which is included in Recognized losses, net, on our Condensed Consolidated Statement of Operations. As a result of the impairment, the basis difference between the carrying value of our ownership interest in Paysafe and the Company’s ratable portion of Paysafe’s net assets which was previously attributable to equity method goodwill was eliminated.

Equity Security Investments Without Readily Determinable Fair Values

We account for our ownership of preferred equity of QOMPLX and certain other ownership interests at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly market transactions. As of September 30, 2022 and December 31, 2021, we have $26.3 million and $54.2 million, respectively, recorded for our ownership of QOMPLX and certain other ownership interests, which is included in Other long term investments and noncurrent assets on our Condensed Consolidated Balance Sheets.

During the nine months ended September 30, 2022, we recorded an impairment of $32.8 million to our ownership interest in QOMPLX. The amount of the impairment charge was determined based on the valuation of QOMPLX implied by a third-party investment in the preferred equity of QOMPLX.

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

Note E — Notes Payable

Notes payable, net consists of the following:

	September 30, 2022	December 31, 2021
	(In millions)	
2020 Margin Facility	$ —	$ —
2022 Restaurants Credit Facility	9.6	—
Brasada Interstate Loans	11.6	12.6
FNF Revolver	84.7	—
Other	2.8	3.8
Notes payable, total	$ 108.7	$ 16.4
Less: Notes payable, current	13.2	2.3
Notes payable, long term	$ 95.5	$ 14.1

At September 30, 2022, the carrying value of our outstanding notes payable approximates fair value and are considered Level 2 financial liabilities.

2020 Margin Facility

On November 30, 2020, Cannae Funding C, LLC ("Borrower 1"), an indirect wholly-owned special purpose subsidiary of the Company, and Cannae Funding D, LLC ("Borrower 2" and, together with Borrower 1, the "Borrowers"), an indirect wholly-owned special purpose subsidiary of the Company, entered into a Margin Loan Agreement (the "2020 Margin Facility") with the lenders from time to time party thereto and Royal Bank of Canada. The Company concurrently entered into a guaranty (the "Guaranty Agreement") for the benefit of each of the lenders to the 2020 Margin Facility pro rata to their loan commitments, pursuant to which the Company absolutely, unconditionally and irrevocably guaranteed all of the Borrowers' obligations under the 2020 Margin Facility for a period of up to one year after the later of (i) the conditions precedent to the obligations of the lenders under the Loan Agreement being met (the date when such conditions have been met, the "Closing Date") or (ii) as relevant, additional collateral or additional loan commitments being provided. Under the 2020 Margin Facility, the Borrowers may initially borrow up to $100.0 million in revolving loans and, subject to certain terms and conditions, may enter into an amendment to the 2020 Margin Facility to borrow up to $500.0 million in revolving loans (including the initial revolving loans) from the same initial lender and/or additional lenders on substantially identical terms and conditions as the initial revolving loans. The 2020 Margin Facility matures on the 36-month anniversary of the Closing Date. All outstanding amounts under the 2020 Margin Facility bear interest quarterly at a rate per annum equal to a three-month LIBOR rate plus an applicable margin. Interest will be payable in kind unless the Borrowers elect to pay interest in cash or a cumulative cap is exceeded. The Borrowers' obligations under the 2020 Margin Facility will be secured by a first priority lien on (i) 6 million shares of Ceridian, which the Company contributed to Borrower 1, and (ii) 19 million shares of D&B, which the Company contributed to Borrower 2. The Borrowers may also, at their discretion, post up to an additional 4 million shares of Ceridian and/or 11 million shares of D&B as collateral for the revolving loans from time to time after the Closing Date, subject to certain notice, guaranty, average daily trading volume and other requirements. The 2020 Margin Facility requires the Borrowers to maintain a certain loan-to-value ratio (based on the value of Ceridian and D&B shares). In the event the Borrowers fail to maintain such loan-to-value ratio, the Borrowers must post additional cash collateral under the Loan Agreement and/or elect to repay a portion of the revolving loans thereunder, or sell the Ceridian and/or D&B shares and use the proceeds from such sale to prepay a portion of the revolving loans thereunder.

On August 16, 2021, the Borrowers entered into an amendment agreement to the 2020 Margin Facility, which increased the borrowing capacity of the 2020 Margin Facility by an additional $100.0 million and resulted in the transfer of 16 million additional shares of D&B to Borrower 2 as collateral. On December 10, 2021, the Borrowers entered into a second amendment agreement to the 2020 Margin Facility, which increased the borrowing capacity by an additional $100.0 million and released 1 million shares of Ceridian as collateral. As of December 31, 2021, the 2020 Margin Facility was secured by a first priority lien on 5 million shares of Ceridian and 35 million shares of D&B.

On January 20, 2022, the Borrowers entered into a third amendment agreement to the 2020 Margin Facility, which added 1 million shares of Ceridian as collateral, limited the collateral value of D&B shares to 1.5 times that of the Ceridian shares for purposes of calculating loan-to-value ratios, and decreased the threshold price of Ceridian shares and D&B shares.

On May 12, 2022, the Borrowers entered into a fourth amendment agreement to the 2020 Margin Facility, which reduced the borrowing capacity from $300.0 million to $250.0 million and changed the interest rate to three-month adjusted SOFR plus an applicable margin.

As of September 30, 2022, there was no outstanding balance under the 2020 Margin Facility, $250.0 million of unused capacity under the 2020 Margin Facility with an option to increase the capacity to $500.0 million upon amendment, and the 2020 Margin Facility was secured by 6 million shares of Ceridian and 35 million shares of D&B.

Restaurants Credit Facility

On December 31, 2021, 99 Restaurants, LLC and 99 West, LLC, both wholly-owned subsidiaries of 99 Restaurants, O'Charley's LLC, a wholly-owned subsidiary of O'Charley's and Restaurant Growth Services, LLC, a 65.4%-owned subsidiary of the Company (collectively, the "Restaurant Borrowers") entered into an amendment to the credit agreement by and among 99 Restaurants LLC, a direct, wholly-owned subsidiary of 99 Restaurants and Fifth Third Bank and which was subsequently amended on September 19, 2022 (the "2022 Restaurants Credit Facility"). The 2022 Restaurants Credit Facility principally provides for: (i) a revolving credit commitment of $17.5 million in the aggregate (the "Restaurant Revolver") and (ii) a sub-facility for an aggregate of $11.0 million of letters of credit. The 2022 Restaurants Credit Facility matures on December 31, 2026. The 2022 Restaurants Credit Facility is secured by certain assets of the Restaurant Borrowers and their subsidiaries and contains customary covenants and events of default.

As of September 30, 2022, there was a $10.0 million outstanding principal amount under the 2022 Restaurants Credit Facility, which incurred interest at 6.98%. Subsequent to September 30, 2022, the Restaurant Borrowers paid $2.9 million of the principal outstanding and as a result has $7.1 million outstanding under the 2022 Restaurants Credit Facility as of the date of this Quarterly Report.

Brasada Interstate Loans

On January 29, 2016, FNF NV Brasada, LLC, an Oregon limited liability company and majority-owned subsidiary of Cannae ("NV Brasada"), entered into a credit agreement (the “Interstate Credit Agreement”) originally with Bank of the Cascades, and later assigned to First Interstate Bank, as lender. Subsequent to various amendments from 2016 through 2022, the Interstate Credit Agreement currently provides for (i) a $12.5 million acquisition loan (the "Acquisition Loan"), (ii) a $2.1 million construction loan ("C Note") and (iii) a $0.7 million line of credit loan (the "Interstate LOC" and collectively with the Acquisition Loan and C Note, the "Brasada Interstate Loans").

The Brasada Interstate Loans are secured by certain single-family residential lots that can be sold for construction, owned by NV Brasada, and certain other operating assets owned by NV Brasada. The Company does not provide any guaranty or stock pledge under the Interstate Credit Agreement.

As of September 30, 2022, the Acquisition Loan had $9.7 million outstanding and incurred interest at rates ranging from 4.51% to 4.70%; the C Note had $2.0 million outstanding and incurred interest at 4.88%; and the Interstate LOC had no outstanding balance.

FNF Revolver

On November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million. On May 12, 2022, FNF and Cannae amended and restated the revolver note to, among other things, limit the use of proceeds for borrowings thereunder to the repurchase of our own shares of common stock from FNF (as amended and restated, the "FNF Revolver"). Pursuant to the FNF Revolver, FNF may make one or more loans to us with up to $100.0 million outstanding at any time. The FNF Revolver accrues interest at one-month adjusted SOFR plus 450 basis points and matures on November 17, 2025. The maturity date is automatically extended for additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion. On June 28, 2022, we completed the repurchase of all of our common stock previously held by FNF.

As of September 30, 2022, there was a $84.7 million outstanding principal amount under the FNF Revolver which incurred interest at 7.05%.

Gross principal maturities of notes payable at September 30, 2022 are as follows (in millions):

2022 (remaining)	$	11.4
2023		1.4
2024		1.4
2025		86.1
2026		7.4
Thereafter		1.6
Total	$	109.3

Note F — Commitments and Contingencies

Legal Contingencies

In the ordinary course of business, we are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. Our ordinary course litigation includes purported class action lawsuits, which make allegations related to various aspects of our business. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies. We believe that no actions, other than those discussed below, if any, depart from customary litigation or regulatory inquiries incidental to our business.

Our Restaurant Group companies are a defendant from time to time in various legal proceedings arising in the ordinary course of business, including claims relating to injury or wrongful death under “dram shop” laws that allow a person to sue us based on any injury caused by an intoxicated person who was wrongfully served alcoholic beverages at one of the restaurants; individual and purported class or collective action claims alleging violation of federal and state employment, franchise and other laws; and claims from guests or employees alleging illness, injury or other food quality, health or operational concerns. Our Restaurant Group companies are also subject to compliance with extensive government laws and regulations related to employment practices and policies and the manufacture, preparation, and sale of food and alcohol. We may also become subject to lawsuits and other proceedings, as well as card network fines and penalties, arising out of the actual or alleged theft of our customers' credit or debit card information.

We review lawsuits and other legal and regulatory matters (collectively “legal proceedings”) on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings in which it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts that represents our best estimate is recorded. As of September 30, 2022 and December 31, 2021, our accrual for settlements of legal proceedings was not considered material. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending legal proceedings is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period in the event of an unfavorable outcome, at present, we do not believe that the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

On September 23, 2020, a stockholder derivative lawsuit styled Oklahoma Firefighters Pension & Retirement System, derivatively on behalf of Cannae Holdings, Inc. v. William P. Foley, II, et al., was filed in the Court of Chancery of the State of Delaware against the Company, certain Board members and officers of the Company, and the Manager, alleging breach of fiduciary duties relating to the Company’s Management Services Agreement. The plaintiff further alleges the Board breached their fiduciary duties by approving bonuses in connection with the initial public offering of Ceridian and the approval of an Investment Success Incentive Plan in August 2018. Along with the Complaint, the plaintiff filed a motion for partial summary judgment as to the count seeking to void the Management Services Agreement. On January 27, 2021, the Company entered into an amendment to the Management Services Agreement and plaintiff withdrew its motion for partial summary judgment as moot. On February 1, 2021, the court ordered the plaintiff's summary judgment motion withdrawn and dismissed the related count of the plaintiff's complaint. On February 18, 2021, our Board formed a Special Litigation Committee (the "SLC") consisting of two of the Board’s Directors, and has authorized the SLC, among other things, to investigate and evaluate the claims and allegations asserted in the lawsuit. The Board has also given the SLC the sole authority and power to consider and determine whether or not prosecution of the claims asserted in the lawsuit is in the best interest of the Company and its shareholders, and what action the Company should take with respect to the lawsuit. On March 9, 2021, the Court entered a stipulated Order staying the action for six months to allow the SLC to investigate, review, and evaluate the facts, circumstances, and claims asserted in or relating to the action and to determine the Company's response thereto. The stay expired on September 30, 2022. The defendants will contest the remaining claims in the action vigorously. On or about October 25, 2022, the parties, including the SLC acting on behalf of the Company, reached an agreement-in-principle to settle the action, subject to documentation in a formal stipulation of settlement, as well as approval by the Court. The agreement in principle includes, among other things, a payment of $6 million in cash to the Company, amendments to the Management Services Agreement between the Company and the Manager, and corporate governance changes.

Unconditional Purchase Obligations

We have certain unconditional purchase obligations, primarily in our Restaurant Group segment. These purchase obligations are with various vendors and are primarily related to food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. We used both historical and projected volume and pricing as of September 30, 2022 to determine the amount of the obligations. Purchase obligations as of September 30, 2022 are as follows (in millions):

2022 (remaining)	$	30.5
2023		10.0
2024		6.1
2025		4.0
2026		2.9
Thereafter		2.9
Total purchase commitments	$	56.4

AAII FPA

On February 25, 2021, we entered into a forward purchase agreement (the "AAII FPA") with Austerlitz Acquisition Corp. II ("AAII"), a special purpose acquisition company whose business purpose is to effect a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities (the "AAII Initial Business Combination"). AAII is co-sponsored by entities affiliated with William P. Foley II. Under the AAII FPA, we agreed to purchase an aggregate of 12,500,000 shares of AAII's Class A common stock, plus an aggregate of 3,125,000 redeemable warrants to purchase one share of AAII's Class A common stock at $11.50 per share for an aggregate purchase price of $125.0 million in a private placement to occur concurrently with the closing of the AAII Initial Business Combination. The AAII FPA is contingent upon the closing of the AAII Initial Business Combination. On October 3, 2022, AAII announced that it is seeking to redeem, prior to December 31, 2022, its outstanding class A ordinary shares for the cash held in its trust account prior to December 31, 2022. Accordingly, we do not expect to fund the AAII FPA.

Note G — Segment Information

Summarized financial information concerning our reportable segments is shown in the following tables.

As a result of the Optimal Blue Disposition, Optimal Blue is no longer a reportable segment. As a result, the segment tables for the three and nine months ended September 30, 2021 have been retrospectively revised to remove Optimal Blue as a reportable segment.

As a result of the June AmeriLife Sale and our subsequent September 2022 agreement to sell an additional portion of our remaining ownership interest in AmeriLife, AmeriLife no longer meets the significance test and is no longer a reportable segment. As a result, the segment tables for the three and nine months ended September 30, 2021 have been retrospectively revised to remove AmeriLife as a reportable segment.

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

As of and for the three months ended September 30, 2022:

	Restaurant Group	Dun & Bradstreet	Paysafe	Alight	Corporate and Other	Affiliate Elimination	Total
				(in millions)			
Restaurant revenues	$ 154.6	$ —	$ —	$ —	$ —	$ —	$ 154.6
Other operating revenues	—	556.3	378.9	750.0	9.9	(1,685.2)	9.9
Revenues from external customers	154.6	556.3	378.9	750.0	9.9	(1,685.2)	164.5
Interest, investment and other income, including recognized gains (losses), net	(0.2)	9.3	56.2	16.0	175.2	(81.5)	175.0
Total revenues, other income and realized gains (losses), net	154.4	565.6	435.1	766.0	185.1	(1,766.7)	339.5
Depreciation and amortization	5.1	145.1	69.6	99.0	0.6	(313.7)	5.7
Interest expense	(1.1)	(49.1)	(28.4)	(31.0)	(2.5)	108.5	(3.6)
(Loss) earnings before income taxes and equity in earnings (losses) of unconsolidated affiliates	(7.7)	5.7	(675.3)	(65.0)	157.8	734.6	150.1
Income tax (benefit) expense	—	(4.2)	(16.6)	(20.0)	17.0	40.8	17.0
(Loss) earnings, before equity in (losses) earnings of unconsolidated affiliates	(7.7)	9.9	(658.7)	(45.0)	140.8	693.8	133.1
Equity in earnings (losses) of unconsolidated affiliates	—	0.5	—	—	(18.5)	(59.9)	(77.9)
Net (loss) earnings from continuing operations	$ (7.7)	$ 10.4	$ (658.7)	$ (45.0)	$ 122.3	$ 633.9	$ 55.2
Assets	$ 347.5	$ 9,429.7	$ 6,479.4	$ 10,903.0	$ 2,833.6	$ (26,812.1)	$ 3,181.1
Goodwill	53.4	3,400.8	1,993.5	3,624.0	—	(9,018.3)	53.4

As of and for the three months ended September 30, 2021:

	Restaurant Group	Dun & Bradstreet	Paysafe	Alight	Corporate and Other	Affiliate Elimination	Total
				(in millions)			
Restaurant revenues	$ 175.1	$ —	$ —	$ —	$ —	$ —	$ 175.1
Other operating revenues	—	541.9	384.3	690.0	10.9	(1,616.2)	10.9
Revenues from external customers	175.1	541.9	384.3	690.0	10.9	(1,616.2)	186.0
Interest investment and other income (expense), including recognized gains (losses), net	1.2	13.5	46.6	(117.0)	(168.7)	56.9	(167.5)
Total revenues, other income and recognized gains (losses), net	176.3	555.4	430.9	573.0	(157.8)	(1,559.3)	18.5
Depreciation and amortization	5.7	156.7	70.1	88.0	0.6	(314.8)	6.3
Interest expense	(1.7)	(48.3)	(62.7)	(28.0)	(0.6)	139.0	(2.3)
(Loss) earnings before income taxes and equity in earnings (losses) of unconsolidated affiliates	(4.2)	14.7	23.5	(120.0)	(190.4)	81.8	(194.6)
Income tax (benefit) expense	—	(2.8)	16.7	—	(34.7)	(13.9)	(34.7)
(Loss) earnings before equity in earnings of unconsolidated affiliates	(4.2)	17.5	6.8	(120.0)	(155.7)	95.7	(159.9)
Equity in earnings (losses) of unconsolidated affiliates	—	0.7	—	—	(4.0)	44.7	41.4
Net (loss) earnings from continuing operations	$ (4.2)	$ 18.2	$ 6.8	$ (120.0)	$ (159.7)	$ 140.4	$ (118.5)
Assets	$ 427.7	$ 9,747.3	$ 6,894.3	$ 10,957.0	$ 3,885.8	$ (27,598.6)	$ 4,313.5
Goodwill	53.4	3,318.7	3,483.5	3,356.0	—	(10,158.2)	53.4

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — continued

As of and for the nine months ended September 30, 2022:

	Restaurant Group	Dun & Bradstreet	Paysafe	Alight	Corporate and Other	Affiliate Elimination	Total
				(in millions)			
Restaurant revenues	$ 483.4	$ —	$ —	$ —	$ —	$ —	$ 483.4
Other operating revenues	—	1,629.6	1,118.2	2,190.0	23.0	(4,937.8)	23.0
Revenues from external customers	483.4	1,629.6	1,118.2	2,190.0	23.0	(4,937.8)	506.4
Interest, investment and other income, including recognized gains (losses), net	1.2	11.8	123.8	130.0	(284.9)	(265.6)	(283.7)
Total revenues and other income	484.6	1,641.4	1,242.0	2,320.0	(261.9)	(5,203.4)	222.7
Depreciation and amortization	16.0	441.5	197.0	293.0	1.7	(931.5)	17.7
Interest expense	(3.3)	(138.2)	(75.9)	(89.0)	(5.3)	303.1	(8.6)
Loss before income taxes and equity in earnings (losses) of unconsolidated affiliates	(15.5)	(34.8)	(1,818.0)	(34.0)	(400.7)	1,886.8	(416.2)
Income tax benefit	(0.7)	(13.6)	(79.0)	(28.0)	(110.7)	120.6	(111.4)
Loss before equity in (losses) earnings of unconsolidated affiliates	(14.8)	(21.2)	(1,739.0)	(6.0)	(290.0)	1,766.2	(304.8)
Equity in earnings (losses) of unconsolidated affiliates	—	1.8	—	—	(3.8)	(152.0)	(154.0)
Net loss from continuing operations	$ (14.8)	$ (19.4)	$ (1,739.0)	$ (6.0)	$ (293.8)	$ 1,614.2	$ (458.8)
Assets	$ 347.5	$ 9,429.7	$ 6,479.4	$ 10,903.0	$ 2,833.6	$ (26,812.1)	$ 3,181.1
Goodwill	53.4	3,400.8	1,993.5	3,624.0	—	(9,018.3)	53.4

As of and for the nine months ended September 30, 2021:

	Restaurant Group	Dun & Bradstreet	Paysafe	Alight	Corporate and Other	Affiliate Elimination	Total
				(in millions)			
Restaurant revenues	$ 532.3	$ —	$ —	$ —	$ —	$ —	$ 532.3
Other operating revenues	—	1,567.3	384.3	690.0	28.0	(2,641.6)	28.0
Revenues from external customers	532.3	1,567.3	384.3	690.0	28.0	(2,641.6)	560.3
Interest investment and other income, including recognized gains (losses), net	2.4	33.0	46.6	(117.0)	(207.0)	37.4	(204.6)
Total revenues and other income	534.7	1,600.3	430.9	573.0	(179.0)	(2,604.2)	355.7
Depreciation and amortization	18.5	458.7	70.1	88.0	2.1	(616.8)	20.6
Interest expense	(6.6)	(145.2)	(62.7)	(28.0)	(0.3)	235.9	(6.9)
(Loss) earnings before income taxes and equity in earnings (losses) of unconsolidated affiliates	(7.9)	(27.5)	23.5	(120.0)	(300.6)	124.0	(308.5)
Income tax expense (benefit)	—	30.4	16.7	—	(47.4)	(47.1)	(47.4)
(Loss) earnings before equity in earnings (losses) of unconsolidated affiliates	(7.9)	(57.9)	6.8	(120.0)	(253.2)	171.1	(261.1)
Equity in earnings (losses) of unconsolidated affiliates	—	2.0	—	—	(14.7)	99.2	86.5
Net (loss) earnings from continuing operations	$ (7.9)	$ (55.9)	$ 6.8	$ (120.0)	$ (267.9)	$ 270.3	$ (174.6)
Assets	$ 427.7	$ 9,747.3	$ 6,894.3	10,957.0	$ 3,885.8	$ (27,598.6)	$ 4,313.5
Goodwill	53.4	3,318.7	3,483.5	3,356.0	—	(10,158.2)	53.4

The activities in our segments include the following:

- *Restaurant Group.* This segment consists primarily of the operations of O'Charley's and 99 Restaurants in which we have 65.4% and 88.5% ownership interests, respectively. O'Charley's and 99 Restaurants and their affiliates are the owners and operators of the O'Charley's and Ninety Nine Restaurants restaurant concepts, respectively. This segment also includes the operations of Legendary Baking and VIBSQ Holdco, LLC ("VIBSQ") prior to their respective sales in 2021. During the three and nine months ended September 30, 2022, other than the winding down of certain immaterial retained assets and liabilities of Legendary Baking and VIBSQ, we have no further material interest in Legendary Baking and VIBSQ.

- *Dun & Bradstreet.* This segment consists of our ownership interest in Dun & Bradstreet. Dun & Bradstreet is a leading global provider of business decisioning data and analytics. Clients embed D&B's trusted, end-to-end solutions into their daily workflows to enhance salesforce productivity, gain visibility into key markets, inform commercial credit decisions and confirm that suppliers are financially viable and compliant with laws and regulations. Dun & Bradstreet's solutions support its clients' mission critical business operations by providing proprietary and curated data and analytics to help drive informed decisions and improved outcomes. Dun & Bradstreet's global commercial database as of December 31, 2021 contained hundreds of millions of business records. Our chief operating decision maker reviews the full financial results of Dun & Bradstreet for purposes of assessing performance and allocating resources. Thus, we consider Dun & Bradstreet a reportable segment and have included the full results of Dun & Bradstreet in the tables above. We account for Dun & Bradstreet using the equity method of accounting, and therefore, its results do not consolidate into ours. Accordingly, we have presented the elimination of Dun & Bradstreet's results in the *Affiliate Elimination* section of the segment presentation above. See Note D for further discussion of our ownership interest in Dun & Bradstreet and related accounting.
- *Alight*. This segment consists of our 9.7% ownership interest in Alight. Alight is a leading cloud-based human capital technology and services provider that powers confident health, wealth and wellbeing decisions for millions of people and their dependents. Its Alight Worklife® platform combines data and analytics with a simple, seamless user experience. Supported by its global delivery capabilities, Alight Worklife is transforming the employee experience for people around the world through personalized, data-driven health, wealth, pay and wellbeing insights. Our chief operating decision maker reviews the full financial results of Alight for purposes of assessing performance and allocating resources. Thus, we consider Alight a reportable segment and have included the full results of Alight subsequent to our initial acquisition of an ownership interest in the tables above. We account for Alight using the equity method of accounting, and therefore, its results do not consolidate into ours. Accordingly, we have presented the elimination of Alight's results in the *Affiliate Elimination* section of the segment presentation above. We historically accounted for our equity ownership and proportionate share of earnings or losses in Alight utilizing a three-month reporting lag due to timeliness considerations. In the second quarter of 2022, the Company was able to obtain financial information for Alight on a more timely basis and began recording our ownership interest in Alight on a current basis as opposed to the previous three-month lag. The elimination of the three-month reporting lag for our equity ownership in Alight did not result in any material adjustments to any current or prior period financial information. We acquired our ownership interest on July 2, 2021. Accordingly, the segment tables above for the three and nine months ended September 30, 2021, include the results of Alight for the period from July 2, 2021 through September 30, 2021.
- *Paysafe*. This segment consists of our 8.2% ownership interest in Paysafe. Paysafe provides payment solutions through several business lines. These business lines are focused on card not present and card present solutions for small to medium size business merchants, wallet based online payment solutions through Skrill and NETELLER brands and solutions that enable consumers to use cash to facilitate online purchases through its paysafecard prepaid vouchers. Our chief operating decision maker reviews the full financial results of Paysafe for purposes of assessing performance and allocating resources. Thus, we consider Paysafe a reportable segment and have included the full results of Paysafe subsequent to our initial acquisition of an ownership interest in the tables above. We account for Paysafe using the equity method of accounting, and therefore, its results do not consolidate into ours. Accordingly, we have presented the elimination of Paysafe's results in the *Affiliate Elimination* section of the segment presentation above. We report our equity in earnings or loss of Paysafe on a three-month lag and we acquired our ownership interest on March 30, 2021. Accordingly, our net earnings and the segment tables above, respectively, for the three and nine months ended September 30, 2022, include our equity in Paysafe's earnings and complete results of Paysafe, respectively, for the three and nine months ended June 30, 2022, respectively.
- *Corporate and Other.* This nonreportable segment consists of our share in the operations of certain controlled portfolio companies and other equity interests, activity of the corporate holding company and certain intercompany eliminations and taxes.

Note H — Supplemental Cash Flow Information

The following supplemental cash flow information is provided with respect to certain cash payments, as well as certain non-cash investing and financing activities.

	Nine months ended September 30,	
	2022	2021
	(In millions)	
Cash paid during the period:		
Interest	$ 6.8	$ 3.9
Income taxes	89.8	93.4
Operating leases	27.2	28.7
Non-cash investing and financing activities:		
D&B shares received as partial consideration for the Optimal Blue Disposition	435.0	—
Note receivable received through sale of Rock Creek Idaho Holdings, LLC	—	35.0

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

The statements contained in this Quarterly Report on Form 10-Q (this "Quarterly Report") that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding our expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. It is important to note that our actual results could vary materially from those forward-looking statements contained herein due to many factors, including, but not limited to: changes in general economic, business and political conditions, including changes in the financial markets and changes in macroeconomic conditions resulting from the outbreak of a pandemic such as the novel coronavirus COVID-19 ("COVID-19") and the current conflict between Russia and Ukraine; risks associated with the Investment Company Act of 1940; our potential inability to find suitable acquisition candidates, acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties in integrating acquisitions; significant competition that our operating subsidiaries face; risks related to the externalization of certain of our management functions to our Manager; and other risks detailed in the "Statement Regarding Forward-Looking Information," "Risk Factors" and other sections of our Annual Report on Form 10-K for the year ended December 31, 2021 (our "Annual Report") and other filings with the SEC.

The following discussion should be read in conjunction with our Annual Report.

Overview

For a description of our business, including descriptions of segments and recent business developments, see the discussion under *Basis of Financial Statements* in Note A to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report, which is incorporated by reference into this Part I, Item 2.

Business Trends and Conditions

Dun & Bradstreet. D&B believes there are several key trends in the global macroeconomic environment generating additional growth in D&B's TAM and increasing the demand for its solutions, including growing recognition by business of the value of analytics and data-informed business decisioning, growth in data creation and applications driven by the proliferation of new technologies with new data sets and applications, advances in analytical capabilities that are unlocking the value of data, and heightened compliance requirements in the regulatory environment for business driven by the growth of new technologies.

Restaurant Group. The restaurant industry is characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

We are currently operating in a period of high inflation relative to long term inflation expectations in the United States. This inflationary environment is primarily impacting the commodity and labor costs of our Restaurant Group. We have adjusted menu pricing to account for these cost increases to an extent, but will continue to balance the impact of inflationary pressures on costs with the value proposition offered to customers with a focus on long term profitability.

Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.

Our revenues and operating income in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

COVID-19. As described in our Annual Report, pandemics and other health emergencies such as COVID-19 may impact the operations and results of our various businesses. The spread of COVID-19 in early 2020 and the associated government and social response adversely affected our Restaurant Group brands' guest traffic, sales and operating costs in fiscal years 2020 and 2021. While we believe the operations of our businesses are no longer being materially, adversely impacted by COVID-19, if another variant of COVID-19 results in government and social responses similar to those experienced with the initial spread of COVID-19 in 2020, our results of operations may be adversely impacted again in the future.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The Critical Accounting Policies and Estimates disclosed in Item 7 of our Annual Report are hereby incorporated by reference. Other than as described below, there have been no changes to our critical accounting policies and estimates.

Investments in unconsolidated affiliates. On an ongoing basis, management monitors the Company's investments in unconsolidated affiliates to determine whether there are indications that the fair value of an investment may be other-than-temporarily below our recorded book value of the investment. Factors considered when determining whether a decline in the fair value of an investment is other-than-temporary include, but are not limited to: the length of time and the extent to which the market value has been less than book value, the financial condition and near-term prospects of the investee, and the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value.

As of March 31, 2022, the fair value of our ownership interest in Paysafe based on quoted market prices was $202.6 million and the book value of our recorded asset for Paysafe was $438.6 million prior to any impairment. Due to significant impairments recorded by Paysafe to its intangible assets, the quantum of the decrease in the fair market value of our ownership interest, and negative trends in the alternative payments industry and decreasing market multiples of peer companies, management determined the decrease in value of our ownership interest in Paysafe was other-than-temporary. Accordingly, we recorded an impairment charge of $236.0 million in the nine months ended September 30, 2022 which is included in Recognized losses, net, on our Condensed Consolidated Statement of Operations.

Results of Operations

Consolidated Results of Operations

Net Earnings. The following table presents certain financial data for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(Dollars in millions)			
Revenues:				
Restaurant revenue	$ 154.6	$ 175.1	$ 483.4	$ 532.3
Other operating revenue	9.9	10.9	23.0	28.0
Total operating revenues	164.5	186.0	506.4	560.3
Operating expenses:				
Cost of restaurant revenue	141.1	154.8	434.4	462.8
Personnel costs	12.4	21.9	49.5	58.3
Depreciation and amortization	5.7	6.3	17.7	20.6
Other operating expenses	26.6	27.8	128.7	115.6
Total operating expenses	185.8	210.8	630.3	657.3
Operating loss	(21.3)	(24.8)	(123.9)	(97.0)
Other income (expense):				
Interest, investment and other income	—	18.7	0.1	20.1
Interest expense	(3.6)	(2.3)	(8.6)	(6.9)
Recognized gains (losses), net	175.0	(186.2)	(283.8)	(224.7)
Total other income (expense)	171.4	(169.8)	(292.3)	(211.5)
Earnings (loss) before income taxes and equity in earnings of unconsolidated affiliates	150.1	(194.6)	(416.2)	(308.5)
Income tax expense (benefit)	17.0	(34.7)	(111.4)	(47.4)
Earnings (loss) before equity in (losses) earnings of unconsolidated affiliates	133.1	(159.9)	(304.8)	(261.1)
Equity in (losses) earnings of unconsolidated affiliates	(77.9)	41.4	(154.0)	86.5
Net earnings (loss)	55.2	(118.5)	(458.8)	(174.6)
Less: Net (loss) earnings attributable to non-controlling interests	(0.1)	2.5	(3.2)	3.1
Net earnings (loss) attributable to Cannae Holdings, Inc. common shareholders	$ 55.3	$ (121.0)	$ (455.6)	$ (177.7)

Revenues

Total revenues decreased $21.5 million, or 11.6%, in the three months ended September 30, 2022 and decreased $53.9 million, or 9.6%, in the nine months ended September 30, 2022 compared to the corresponding periods in 2021.

Expenses.

Our operating expenses consist primarily of personnel costs, cost of restaurant revenue, other operating expenses, and depreciation and amortization.

Cost of restaurant revenue includes cost of food and beverage, primarily the costs of beef, groceries, produce, seafood, poultry and alcoholic and non-alcoholic beverages, net of vendor discounts and rebates, payroll and related costs and expenses directly relating to restaurant level activities, and restaurant operating costs including occupancy and other operating expenses at the restaurant level.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. Personnel costs that are directly attributable to the operations of the Restaurant Group are included in Cost of restaurant revenue.

Other operating expenses include management fees, carried interest fees, professional fees, advertising costs, travel expenses and impairments of operating assets.

Depreciation and amortization expense consists of our depreciation related to investments in property and equipment as well as amortization of intangible assets.

Pre-Tax Earnings (Loss).

Earnings (loss) before income taxes and equity in (losses) earnings of unconsolidated affiliates increased $344.7 million, or 177.1%, in the three months ended September 30, 2022 and decreased $107.7 million, or 34.9%, in the nine months ended September 30, 2022 compared to the corresponding periods in 2021.

The change in revenues, expenses and pre-tax loss is discussed in further detail at the segment level below.

Income Taxes.

Income tax expense (benefit) was $17.0 million and $(34.7) million in the three-month periods ended September 30, 2022 and 2021, respectively, and $(111.4) million and $(47.4) million in the nine-month periods ended September 30, 2022 and 2021, respectively. Our effective tax rate was 11.3% and 17.8% in the three months ended September 30, 2022 and 2021, respectively, and 26.8% and 15.4% in the nine months ended September 30, 2022 and 2021, respectively. Our effective tax rate fluctuates depending on our estimate of ultimate income tax liability and changes in the characteristics of net earnings, such as the weighting of operating income versus other income or earnings and losses of unconsolidated affiliates. The change in our effective tax rate in all periods presented is primarily attributable to the varying impact of equity in earnings of unconsolidated affiliates on income tax expense (benefit).

Equity in Earnings of Unconsolidated Affiliates.

Equity in (losses) earnings of unconsolidated affiliates for the three and nine months ended September 30, 2022 and 2021 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions)			
Dun & Bradstreet	$ (0.7)	2.6	$ (10.8)	$ (13.0)
Paysafe/FTAC II Sponsor	(54.3)	(7.1)	(144.2)	64.3
Alight/FTAC Sponsor	(4.4)	49.9	4.8	49.9
System1/Trebia Sponsor	(8.9)	—	(5.2)	—
Optimal Blue	—	(2.7)	(1.3)	(10.9)
AmeriLife	(2.8)	(4.5)	(5.2)	(11.5)
Sightline	(6.6)	(0.1)	(15.1)	(0.1)
Other	(0.2)	3.3	23.0	7.8
Total	$ (77.9)	$ 41.4	$ (154.0)	$ 86.5

Other equity in earnings of unconsolidated affiliates in the nine months ended September 30, 2022 from the table above includes $23.9 million for our ownership interest in Triple Tree Holdings which was primarily driven by its sale of its investment banking business.

Restaurant Group

The following table presents the results from operations of our Restaurant Group segment:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In millions)			
Revenues:				
Restaurant revenue	$ 154.6	$ 175.1	$ 483.4	$ 532.3
Total operating revenues	154.6	175.1	483.4	532.3
Operating expenses:				
Cost of restaurant revenue	141.1	154.8	434.4	462.8
Personnel costs	6.2	8.6	18.5	25.7
Depreciation and amortization	5.1	5.7	16.0	18.5
Other operating expenses	8.6	9.7	27.9	29.0
Total operating expenses	161.0	178.8	496.8	536.0
Operating (loss) income	(6.4)	(3.7)	(13.4)	(3.7)
Other income (expense):				
Interest expense	(1.1)	(1.7)	(3.3)	(6.6)
Recognized gains, net	(0.2)	1.2	1.2	2.4
Total other expense	(1.3)	(0.5)	(2.1)	(4.2)
(Loss) earnings before income taxes and equity in earnings of unconsolidated affiliates	$ (7.7)	$ (4.2)	$ (15.5)	$ (7.9)

Total revenues for the Restaurant Group segment decreased $20.5 million, or 11.7%, in the three months ended September 30, 2022 and decreased $48.9 million, or 9.2%, in the nine months ended September 30, 2022 compared to the corresponding periods in 2021. The decrease was primarily driven by decreased revenue related to our sale of the Village Inn, Baker's Square, and Legendary Baking concepts in the prior year period. For the three months ended September 30, 2022, the decrease was also driven by a decrease in comparable store sales, while in the nine months ended September 30, 2022, the decrease was partially offset by an overall increase in comparable store sales.

Revenue associated with our Legendary Baking, Village Inn, and Baker's Square brands was $10.7 million and $54.8 million in the three and nine months ended September 30, 2021, respectively.

Comparable Store Sales. One method we use in evaluating the performance of our restaurants is to compare sales results for restaurants period over period. A new restaurant is included in our comparable store sales figures starting in the first period following the restaurant's first seventy-eight weeks of operations. Changes in comparable store sales reflect changes in sales for the comparable store group of restaurants over a specified period of time. This measure highlights the performance of existing restaurants, as the impact of new restaurant openings is excluded. Comparable store sales for our O'Charley's and 99 Restaurants brands decreased by 6.7% and 0.8%, respectively, in the three months ended September 30, 2022 and (decreased) increased by (3.8)% and 10.4%, respectively, in the nine months ended September 30, 2022, compared to the comparable periods in 2021. The decrease in 2022 for our O'Charley's brand is primarily attributable to a decrease in guest counts, mostly offset by an increase in the average amount spent by customers each visit. The decrease in the three months ended September 30, 2022 for our 99 Restaurants brand is attributable to decreased guest counts which was nearly offset by an increase in the average amount spent by customers each visit for that period, while in the nine months ended September 30, 2022, the increase is attributable to an increase in the average amount spent by customers each visit.

Cost of restaurant revenue decreased directionally consistent with Restaurant revenues. Cost of restaurant revenue as a percentage of restaurant revenue was 91.3% and 88.4% in the three months ended September 30, 2022 and 2021, respectively, and 89.9% and 86.9% in the nine months ended September 30, 2022 and 2021, respectively. The increase in cost of restaurant revenue as a percentage of restaurant revenue in the three and nine months ended September 30, 2022 compared to the comparable period in 2021 is primarily attributable to increased costs of labor, food, and supplies.

Loss before income taxes decreased (increased loss) by $3.5 million, or 83.3%, in the three months ended September 30, 2022 and decreased (increased loss) by $7.6 million, or 96.2%, in the nine months ended September 30, 2022 from the corresponding periods in 2021. The change in income was primarily attributable to the factors discussed above.

Dun & Bradstreet

As of September 30, 2022, we own approximately 18.1% of the outstanding common stock of Dun & Bradstreet. We account for our ownership interest in Dun & Bradstreet under the equity method of accounting; therefore, its results of operations do not consolidate into ours. In July 2022, we completed the sale of 9.2 million shares of common stock of Dun & Bradstreet to a broker pursuant to Rule 144. In connection with the sale, we received proceeds of $127.2 million.

Summarized financial information for Dun & Bradstreet for the relevant dates and time periods included in Equity in earnings of unconsolidated affiliates in our Condensed Consolidated Balance Sheets and Statements of Operations, respectively, is presented below.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In millions)			
Total revenues	$ 556.3	$ 541.9	$ 1,629.6	$ 1,567.3
Earnings (loss) before income taxes	5.7	14.7	(34.8)	(27.5)
Net earnings (loss)	10.4	18.2	(19.4)	(55.9)
Net earnings attributable to noncontrolling interest	(2.4)	(1.6)	(5.7)	(4.2)
Net earnings (loss) attributable to Dun & Bradstreet	8.0	16.6	(25.1)	(60.1)

Details relating to the results of operations of Dun & Bradstreet (NYSE: "DNB") can be found in its periodic reports filed with the SEC.

Alight

On July 2, 2021, we closed on the acquisition of our ownership interest in Alight. As of September 30, 2022, we own approximately 9.7% of the outstanding common stock of Alight. We account for our ownership of Alight under the equity method of accounting; therefore, its results do not consolidate into ours. We historically accounted for our equity ownership and proportionate share of equity in earnings or loss of Alight on a three-month lag. In the second quarter of 2022, we were able to obtain financial information for Alight on a more timely basis and determined it was preferable to record our ownership interest in Alight on a current basis as opposed to the previous three-month lag. The elimination of the three-month reporting lag for our equity ownership in Alight did not result in any material adjustments for any current or prior period financial information. Because we acquired our ownership interest in Alight on July 2, 2021, the table below for the three and nine months ended September 30, 2021 includes the results of Alight for the period from July 2, 2021 through September 30, 2021.

Summarized financial information for Alight for the relevant dates and time periods included in Equity in earnings of unconsolidated affiliates in our Condensed Consolidated Statements of Operations is presented below.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In millions)			
Total revenues	$ 750.0	$ 690.0	$ 2,190.0	$ 690.0
(Loss) earnings from operations	(50.0)	25.0	(75.0)	25.0
Net (loss) earnings attributable to Alight	(37.0)	(107.0)	3.0	(107.0)

Details relating to the results of operations of Alight (NYSE: "ALIT") can be found in its periodic reports filed with the SEC.

Paysafe

On March 30, 2021, we closed on the acquisition of our ownership interest in Paysafe. As of September 30, 2022, we own approximately 8.2% of the outstanding common stock of Paysafe. We account for our ownership of Paysafe under the equity method of accounting; therefore, its results do not consolidate into ours. We report our equity in the earnings or loss of Paysafe on a three-month lag. Accordingly, our net loss for the three and nine months ended September 30, 2022 includes our equity in Paysafe's losses for the three and nine months ended June 30, 2022, respectively.

Summarized financial information for Paysafe for the relevant dates and time periods included in Equity in earnings of unconsolidated affiliates in our Condensed Consolidated Statements of Operations is presented below.

	Three months ended June 30,		Nine months ended June 30,
	2022	2021	2022
	(In millions)		
Total revenues	$ 378.9	$ 384.3	$ 1,118.2
(Loss) earnings from operations	(703.1)	39.6	(1,865.8)
Net (loss) earnings	(658.7)	6.8	(1,739.0)
Less: net earnings attributable to noncontrolling interest	—	0.2	0.6
Net (loss) earnings attributable to Paysafe	(658.7)	6.6	(1,739.6)

Details relating to the results of operations of Paysafe (NYSE: "PSFE") can be found in its periodic reports filed with the SEC.

Corporate and Other

The Corporate and Other segment consists of our share in the operations of certain controlled businesses and other equity ownership interests, activity of the corporate holding company and certain intercompany eliminations and taxes.

The following table presents the results from operations of our non-reportable Corporate and other segment:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In millions)			
Revenues:				
Other operating revenue	$ 9.9	$ 10.9	$ 23.0	$ 28.0
Operating expenses:				
Personnel costs	6.2	13.3	31.0	32.6
Depreciation and amortization	0.6	0.6	1.7	2.1
Other operating expenses	18.0	18.1	100.8	86.6
Total operating expenses	24.8	32.0	133.5	121.3
Operating loss	(14.9)	(21.1)	(110.5)	(93.3)
Other income (expense):				
Interest, investment and other income	—	18.7	0.1	20.1
Interest expense	(2.5)	(0.6)	(5.3)	(0.3)
Recognized gains (losses), net	175.2	(187.4)	(285.0)	(227.1)
Total other income (expense)	172.7	(169.3)	(290.2)	(207.3)
Earnings (loss) before income taxes and equity in earnings of unconsolidated affiliates	$ 157.8	$ (190.4)	$ (400.7)	$ (300.6)

Personnel costs decreased $7.1 million in the three months ended September 30, 2022 and decreased $1.6 million in the nine months ended September 30, 2022 compared to the corresponding periods in 2021. The change in personnel costs was primarily driven by changes in the amounts of success bonuses paid related to our sales of shares of Ceridian.

Other operating expenses increased $14.2 million in the nine months ended September 30, 2022 compared to the prior year period. The increase in the nine month period was primarily driven by management fees and carried interest incurred with our Manager of $30.9 million and $49.3 million, respectively, for the nine months ended September 30, 2022 compared with $24.7 million and $37.4 million, respectively, for the same period in 2021. The carried interest for the period ended September 30, 2022 was primarily attributable to the Optimal Blue Disposition, of which $31.8 million was paid in D&B stock. The carried interest for the periods ended September 30, 2021 were primarily related to our distributions from our prior joint venture with Senator and a sale of D&B stock.

Recognized gains (losses), net, increased $362.6 million in the three months ended September 30, 2022 and decreased (increased loss) $57.9 million in the nine months ended September 30, 2022 compared to the corresponding periods in 2021. The increase in the three months ended September 30, 2022 is primarily attributable to the $391.8 million impairment charge we recorded on our ownership interest in Paysafe in the three months ended September 30, 2021, and a gain of $102.5 million on the partial sale of our ownership interest in AmeriLife recorded in the three months ended September 30, 2022, partially offset by decreased gains on equity securities in the three months ended September 30, 2022 compared to the corresponding period in 2021. The decrease (increase in loss) in the nine months ended September 30, 2022 is primarily attributable to and increased losses on equity securities in the nine months ended September 30, 2022 compared to the corresponding period in 2021 along with a gain of $111.1 million on the sale of D&B shares recorded in the 2021 period. This was partially offset by the $391.8 million impairment charge we recorded on our ownership interest in Paysafe in the three months ended September 30, 2021 compared to the $236.0 million impairment charge we recorded on our ownership interest in Paysafe in the nine months ended September 30, 2022 along with $313.0 million and $102.5 million in gains on the sales of Optimal Blue and AmeriLife, respectively, recorded in the nine months ended September 30, 2022. See Note D for further information on recognized gains and losses on equity securities.

Earnings (loss) before income taxes increased $348.2 million in the three months ended September 30, 2022 and decreased (increased loss) $100.1 million in the nine months ended September 30, 2022 compared to the corresponding periods in 2021. The change in earnings (loss) before income taxes in the three and nine months ended September 30, 2022 was primarily attributable to the factors noted above.

Liquidity and Capital Resources

Cash Requirements. Our current cash requirements include personnel costs, operating expenses, taxes, payments of interest and principal on our debt, capital expenditures, the BKFE Commitment, the CSI Subscription and other business acquisitions. There are no restrictions on our retained earnings regarding our ability to pay dividends to stockholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as a result of provisions in certain debt agreements. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

As of September 30, 2022, we had cash and cash equivalents of $371.1 million, of which $355.0 million was cash held by the corporate holding company, and $250.0 million of capacity under our existing holding company credit facilities with the ability to add an additional $250.0 million of borrowing capacity by amending our 2020 Margin Facility.

We continually assess our capital allocation strategy, including decisions relating to reducing debt, repurchasing our stock, and/or conserving cash. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, cash dividends from subsidiaries, cash generated by investment securities, potential sales of non-strategic assets, and borrowings on existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the needs of all of our subsidiaries and periodically review their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying such forecasts.

We are focused on evaluating our assets and ownership interests as potential vehicles for creating liquidity. Our intent is to use that liquidity for general corporate purposes, including future acquisitions, potentially reducing debt, repurchasing shares of our stock, other strategic initiatives and/or conserving cash.

Operating Cash Flow. Our cash flows used in operations for the nine months ended September 30, 2022 and 2021 totaled $186.8 million and $141.6 million, respectively. The increase in cash used in operations of $45.2 million is primarily attributable to the timing of payment and receipt of working capital assets and liabilities.

Investing Cash Flows. Our cash flows provided by (used in) investing activities for the nine months ended September 30, 2022 and 2021 were $562.3 million and $(437.7) million, respectively. The increase in cash provided by (decrease in cash used in) investing activities of $1,000.0 million in the 2022 period from the 2021 period is primarily attributable to proceeds from sales of investments, net of new and additional investments in unconsolidated affiliates in the 2022 period compared to the 2021 period.

Capital Expenditures. Total capital expenditures for property and equipment and other intangible assets were $10.2 million and $7.7 million for the nine-month periods ended September 30, 2022 and 2021, respectively. The capital expenditures in 2022 and 2021 primarily consisted of purchases of equipment in our Restaurant Group segment.

Financing Cash Flows. Our cash flows (used in) provided by financing activities for the nine months ended September 30, 2022 and 2021 were $(90.2) million and $88.8 million, respectively. The increase in cash used in (decrease in cash provided by) financing activities of $179.0 million is primarily attributable to a decrease in debt borrowings, net of repayments, of $91.2 million, partially offset by increased treasury repurchases of $83.2 million in the nine months ended September 30, 2022.

Financing Arrangements. For a description of our financing arrangements, see Note E included in Item 1 of Part I of this Quarterly Report, which is incorporated by reference into this Item 2 of Part I.

Seasonality. There have been no material changes to the seasonality experienced in our businesses from those described for the period as of and for the year ended December 31, 2021 included in our Annual Report.

Contractual Obligations. Our long term contractual obligations generally include our credit agreements and other debt facilities, lease payments and financing obligations on certain of our premises and equipment, purchase obligations of the Restaurant Group and payments to our Manager.

Operating lease payments include the expected future rent payments of the Company and its operating subsidiaries, primarily for the Restaurant Group. The operating leases are accounted for pursuant to ASC 842 *Leases*.

Purchase obligations include agreements to purchase goods or services that are enforceable, are legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The Restaurant Group has unconditional purchase obligations with various vendors, primarily related to food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. Future purchase obligations are estimated by assuming historical purchase activity over the remaining, non-cancellable terms of the various agreements. For agreements with minimum purchase obligations, at least the minimum amounts we are legally required to purchase are included. These agreements do not include fixed delivery terms. We used both historical and projected volume and pricing as of September 30, 2022 to determine the amount of these obligations.

Pursuant to the terms of the Management Services Agreement between Cannae LLC and our Manager, Cannae LLC is obligated to pay our Manager a quarterly management fee equal to 0.375% (1.5% annualized) of the Company’s cost of invested capital (as defined in the Management Services Agreement) as of the last day of each fiscal quarter, payable in arrears in cash, as may be adjusted pursuant to the terms of the Management Services Agreement. Management fees payable to our Manager are included for the initial 5-year term of the Management Services Agreement that began in September 2019 and are based on our cost of invested capital of $2,590.2 million as of September 30, 2022.

Restaurant Group financing obligations include its agreements to lease its corporate office and certain O'Charley's restaurant locations, which are accounted for as failed sale and leaseback transactions.

As of September 30, 2022, our required annual payments relating to these contractual obligations were as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
				(In millions)			
Operating lease payments	$ 8.8	$ 33.6	$ 26.2	$ 23.2	$ 21.3	$ 132.7	$ 245.8
Unconditional purchase obligations	30.5	10.0	6.1	4.0	2.9	2.9	56.4
Notes payable	11.4	1.4	1.4	86.1	7.4	1.6	109.3
Management fees payable to Manager	9.7	38.8	32.3	—	—	—	80.8
Restaurant Group financing obligations	0.7	3.0	2.5	2.2	2.3	11.0	21.7
Total	$ 61.1	$ 86.8	$ 68.5	$ 115.5	$ 33.9	$ 148.2	$ 514.0

See Note A and Note F to our Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report for further discussion of our commitments to fund the BKFE Commitment and the CSI Subscription.

Capital Stock Transactions. Effective February 26, 2021, our Board authorized a three-year stock repurchase program, (the "2021 Repurchase Program"), under which the Company may repurchase up to 10 million shares of its common stock. Purchases may be made from time to time in the open market at prevailing prices or in privately negotiated transactions through February 26, 2024. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time.

Pursuant to the 2021 Repurchase Program, we repurchased 8,425,598 shares of CNNE common stock during the nine months ended September 30, 2022 for approximately $174.7 million in the aggregate, or an average of $20.74 per share. Since the original commencement of the 2021 Repurchase Program through market close on September 30, 2022, we repurchased a total of 9,441,483 common shares for approximately $203.8 million in the aggregate, or an average of $21.59 per share. Subsequent to September 30, 2022, we repurchased an additional 499,301 shares of CNNE common stock for approximately $10.6 million in the aggregate, or an average of $21.14 per share, pursuant to the 2021 Repurchase Program.

On August 3, 2022, our Board authorized the 2022 Repurchase Program, under which the Company may repurchase up to 10.0 million shares of its common stock. Purchases may be made from time to time in the open market at prevailing prices or in privately negotiated transactions through August 3, 2025. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time.

Off-Balance Sheet Arrangements. There have been no significant changes to our off-balance sheet arrangements since our Annual Report.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no material changes in the market risks described in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is: (a) recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms; and (b) accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II: OTHER INFORMATION

Item 1. Legal Proceedings

See discussion of legal proceedings in Note F. *Commitments and Contingencies* to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report, which is incorporated by reference into this Item 1 of Part II.

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

The following table summarizes repurchases of equity securities by the Company during the three months ended September 30, 2022:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (3)
7/1/2022 - 7/31/2022	—	$ —	—	12,707,818
8/1/2022 - 8/31/2022	600,000	$ 22.27	600,000	12,107,818
9/1/2022 - 9/30/2022	1,050,000	$ 21.63	1,050,000	11,057,818
Total	1,650,000	$ 21.86	1,650,000	

(1) On March 1, 2021, our Board of Directors approved the 2021 Repurchase Program, under which we may purchase up to 10 million shares of our CNNE common stock through February 26, 2024.

(2) On August 3, 2022, our Board of Directors approved the 2022 Repurchase Program, under which we may purchase up to 10 million shares of our CNNE common stock through August 3, 2025.

(3) As of the last day of the applicable month.

Item 6. Exhibits

(a) Exhibits:

EXHIBIT INDEX

31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Principal Executive Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
32.2	Certification by Chief Financial Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
104	Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101.

* The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

SIGNATURES

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

Date: November 9, 2022	CANNAE HOLDINGS, INC. (registrant)
	By: */s/ Bryan D. Coy*
	Bryan D. Coy Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, David W. Ducommun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cannae Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: November 9, 2022

By: */s/ David W. Ducommun*

David W. Ducommun
President and Principal Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Bryan D. Coy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cannae Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: November 9, 2022

By: */s/ Bryan D. Coy*

Bryan D. Coy
Chief Financial Officer and Principal Financial Officer

Exhibit 32.1

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

The undersigned hereby certifies that he is the duly appointed and acting Principal Executive Officer of Cannae Holdings, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: November 9, 2022

By: */s/ David W. Ducommun*
David W. Ducommun
President and Principal Executive Officer

Exhibit 32.2

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

The undersigned hereby certifies that he is the duly appointed and acting Chief Financial Officer of Cannae Holdings, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: November 9, 2022

By: *__/s/ Bryan D. Coy__*
Bryan D. Coy
Chief Financial Officer and Principal Financial Officer