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

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2017

OR

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

Commission file number 0-15946

Ebix, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

77-0021975

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

1 EBIX WAY

JOHNS CREEK, GEORGIA

(Address of principal executive offices)

30097

(Zip Code)

Registrant's telephone number, including area code: **678-281-2020**

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 and posted on its corporate Web site every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

| | | | | |
|-------------------------------------|--------------------------|--|---------------------------|--------------------------|
| Large accelerated filer | Accelerated filer | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company | Emerging growth company |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (Do not check if a smaller reporting company) | <input type="checkbox"/> | <input type="checkbox"/> |

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 November 7, 2017 the number of shares of common stock outstanding was 31,455,574.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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PART I — FINANCIAL INFORMATION

Item 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Operating revenue | \$ 92,800 | \$ 74,608 | \$ 259,290 | \$ 218,248 |
| Operating expenses: | | | | |
| Cost of services provided | 34,937 | 22,425 | 91,056 | 62,606 |
| Product development | 8,536 | 8,563 | 25,303 | 24,913 |
| Sales and marketing | 3,833 | 4,463 | 12,312 | 13,002 |
| General and administrative, net (see Note 1) | 14,874 | 12,126 | 42,156 | 37,019 |
| Amortization and depreciation | 2,709 | 2,738 | 8,323 | 8,088 |
| Total operating expenses | <u>64,889</u> | <u>50,315</u> | <u>179,150</u> | <u>145,628</u> |
| Operating income | 27,911 | 24,293 | 80,140 | 72,620 |
| Interest income | 375 | 635 | 1,614 | 1,219 |
| Interest expense | (3,552) | (1,922) | (9,038) | (5,381) |
| Non-operating income, gain on joint venture investment (see Note 8) | — | 1,162 | — | 1,162 |
| Foreign currency exchange gain (loss) | (400) | 578 | 2,705 | 852 |
| Income before income taxes | <u>24,334</u> | <u>24,746</u> | <u>75,421</u> | <u>70,472</u> |
| Income tax (expense) benefit | 204 | (789) | (363) | (1,121) |
| Net income including noncontrolling interest | 24,538 | 23,957 | 75,058 | 69,351 |
| Net income attributable to noncontrolling interest (see Note 8) | 354 | (110) | 1,013 | 133 |
| Net income attributable to Ebix, Inc. | <u>\$ 24,184</u> | <u>\$ 24,067</u> | <u>\$ 74,045</u> | <u>\$ 69,218</u> |
| Basic earnings per common share attributable to Ebix, Inc. | \$ 0.77 | \$ 0.74 | \$ 2.34 | \$ 2.12 |
| Diluted earnings per common share attributable to Ebix, Inc. | \$ 0.76 | \$ 0.74 | \$ 2.33 | \$ 2.10 |
| Basic weighted average shares outstanding | 31,453 | 32,421 | 31,582 | 32,716 |
| Diluted weighted average shares outstanding | 31,622 | 32,705 | 31,743 | 32,994 |

See accompanying notes to the condensed consolidated financial statements.

Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|------------------|--------------------------|------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Net income including noncontrolling interest | \$ 24,538 | \$ 23,957 | \$ 75,058 | \$ 69,351 |
| Other comprehensive income: | | | | |
| Foreign currency translation adjustments | 659 | (548) | 3,917 | (1,013) |
| Total other comprehensive income (loss) | 659 | (548) | 3,917 | (1,013) |
| Comprehensive income | 25,197 | 23,409 | 78,975 | 68,338 |
| Comprehensive income attributable to noncontrolling interest (see Note 8) | 354 | (110) | 1,013 | 133 |
| Comprehensive income attributable to Ebix, Inc. | \$ 24,843 | \$ 23,519 | \$ 77,962 | \$ 68,205 |

See accompanying notes to the condensed consolidated financial statements.

Ebix, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

| | <u>September 30,</u> <u>2017</u> | <u>December 31,</u> <u>2016</u> |
|--|-------------------------------------|------------------------------------|
| ASSETS | (Unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 96,734 | \$ 114,118 |
| Short-term investments | 5,524 | 3,105 |
| Restricted cash | 11,219 | — |
| Fiduciary funds- restricted | 7,953 | 14,394 |
| Trade accounts receivable, less allowances of \$3,560 and \$2,833, respectively | 102,813 | 62,713 |
| Other current assets | 16,531 | 12,716 |
| Total current assets | 240,774 | 207,046 |
| Property and equipment, net | 41,430 | 37,061 |
| Goodwill | 559,163 | 441,404 |
| Intangibles, net | 47,011 | 41,336 |
| Indefinite-lived intangibles | 38,694 | 30,887 |
| Capitalized software development costs, net | 8,744 | 5,955 |
| Deferred tax asset, net | 35,398 | 31,345 |
| Other assets | 54,718 | 8,721 |
| Total assets | \$ 1,025,932 | \$ 803,755 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 50,845 | \$ 30,461 |
| Accrued payroll and related benefits | 7,006 | 7,474 |
| Fiduciary funds- restricted | 7,953 | 14,394 |
| Short term debt, net of deferred financing costs of \$136 | 12,364 | 12,364 |
| Acquisition obligations | 43,824 | — |
| Capital lease obligations | 9 | 9 |
| Current deferred rent | 283 | 281 |
| Contingent liability for accrued earn-out acquisition consideration | 5,921 | 1,921 |
| Deferred revenue | 20,302 | 22,564 |
| Other current liabilities | 259 | 244 |
| Total current liabilities | 148,766 | 89,712 |
| Revolving line of credit | 234,029 | 154,029 |
| Long term debt and capital lease obligations, less current portion, net of deferred financing costs of \$367 and \$452, respectively | 96,580 | 105,824 |
| Other liabilities | 9,305 | 6,070 |
| Contingent liability for accrued earn-out acquisition consideration | 33,258 | 6,589 |
| Deferred revenue | 1,321 | 1,886 |
| Long term deferred rent | 752 | 1,009 |
| Total liabilities | 524,011 | 365,119 |
| Commitments and Contingencies (see Note 5) | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.10 par value, 500,000 shares authorized, no shares issued and outstanding at September 30, 2017 and December 31, 2016 | — | — |

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| | | |
|--|---------------------|-------------------|
| Common stock, \$0.10 par value, 120,000,000 shares authorized, 31,463,603 issued and outstanding, at September 30, 2017 and 60,000,000 shares authorized, 32,093,294 issued and outstanding at December 31, 2016 | 3,146 | 3,209 |
| Additional paid-in capital | 659 | — |
| Retained earnings | 486,771 | 457,364 |
| Accumulated other comprehensive loss | (29,760) | (33,677) |
| Total Ebix, Inc. stockholders' equity | 460,816 | 426,896 |
| Noncontrolling interest (see Note 8) | 41,105 | 11,740 |
| Total stockholders' equity | 501,921 | 438,636 |
| Total liabilities and stockholders' equity | \$ 1,025,932 | \$ 803,755 |

See accompanying notes to the condensed consolidated financial statements.

Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)
(In thousands except for share figures)

| | Common Stock | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Noncontrolling interest | Total |
|---|-------------------|-----------------|----------------------------------|----------------------|---|----------------------------|-------------------|
| | Issued Shares | Amount | | | | | |
| Balance, December 31, 2016 | 32,093,294 | \$ 3,209 | \$ — | \$ 457,364 | \$ (33,677) | \$ 11,740 | \$ 438,636 |
| Net income attributable to Ebix, Inc. | — | — | — | 74,045 | — | — | 74,045 |
| Net income attributable to noncontrolling interest (see Note 8) | — | — | — | — | — | 1,013 | 1,013 |
| Cumulative translation adjustment | — | — | — | — | 3,917 | — | 3,917 |
| Repurchase and retirement of common stock | (687,048) | (68) | (1,852) | (37,462) | — | — | (39,382) |
| Vesting of restricted stock | 59,047 | 5 | (5) | — | — | — | — |
| Exercise of stock options | 3,500 | — | 52 | — | — | — | 52 |
| Share based compensation | — | — | 1,994 | — | — | — | 1,994 |
| Forfeiture of certain shares to satisfy exercise costs and the recipients income tax obligations related to stock options exercised and restricted stock vested | (5,190) | — | (327) | — | — | — | (327) |
| Loans by non-controlling interest converted to capital contribution to joint venture | — | — | 797 | — | — | 766 | 1,563 |
| Recognized noncontrolling ownership of Ebix-ItzCash joint venture | — | — | — | — | — | 27,586 | 27,586 |
| Dividends paid | — | — | — | (7,176) | — | — | (7,176) |
| Balance, September 30, 2017 | <u>31,463,603</u> | <u>\$ 3,146</u> | <u>\$ 659</u> | <u>\$ 486,771</u> | <u>\$ (29,760)</u> | <u>\$ 41,105</u> | <u>\$ 501,921</u> |

See accompanying notes to the condensed consolidated financial statements.

Ebix, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | Nine Months Ended September 30, | |
|---|------------------------------------|------------------|
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Net income attributable to Ebix, Inc. | \$ 74,045 | \$ 69,218 |
| Net income attributable to noncontrolling interest | 1,013 | 133 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization and depreciation | 8,323 | 8,088 |
| Benefit for deferred taxes | (6,327) | (6,250) |
| Share based compensation | 1,994 | 2,078 |
| Provision for doubtful accounts | 1,107 | 700 |
| Unrealized foreign exchange (gain) loss | 432 | (328) |
| Gain on investment interest in IHC/Ebix joint venture | — | (1,162) |
| Amortization of capitalized software development costs | 1,304 | 1,040 |
| Reduction of acquisition earnout accruals | (164) | (1,726) |
| Purchase accounting adjustment | (948) | — |
| Changes in assets and liabilities, net of effects from acquisitions: | | |
| Accounts receivable | (30,250) | (11,205) |
| Other assets | 126 | (3,402) |
| Accounts payable and accrued expenses | 838 | (4,499) |
| Accrued payroll and related benefits | (1,009) | 79 |
| Deferred revenue | (3,160) | (290) |
| Deferred rent | (292) | (168) |
| Reserve for potential uncertain income tax return positions | 3,335 | 700 |
| Other liabilities | (255) | 44 |
| Net cash provided by operating activities | 50,112 | 53,050 |
| Cash flows from investing activities: | | |
| Acquisition of beBetter, net of cash acquired | (1,000) | — |
| Investment in the EbixHealth JV, net of cash acquired | — | (696) |
| Acquisition of ItzCash, net of cash acquired | (70,184) | — |
| Acquisition of YouFirst, net of cash acquired | (1,806) | — |
| Funding of escrow account for possible future contingent earn-out payment related to business acquisition | (3,998) | — |
| Funding of escrow account for acquisition pending shareholder approval | (7,221) | — |
| Maturities of marketable securities | 7,517 | — |
| Capitalized software development costs | (2,109) | (1,034) |
| Maturities (Purchases) of marketable securities | — | (1,078) |
| Capital expenditures | (6,370) | (4,420) |
| Net cash used in investing activities | (85,171) | (7,228) |
| Cash flows from financing activities: | | |
| Proceeds from revolving line of credit, net | 80,000 | (72,436) |
| Proceeds from term loan | — | 125,000 |
| Principal payments of term loan obligation | (9,375) | (3,125) |
| Repurchases of common stock | (45,732) | (43,775) |
| Proceeds from the exercise of stock options | 52 | 29 |
| Forfeiture of certain shares to satisfy exercise costs and the recipients income tax obligations related to stock options exercised and restricted stock vested | (327) | (147) |
| Dividend payments | (7,176) | (7,401) |
| Principal payments of debt obligations | — | (600) |
| Payments of capital lease obligations | (7) | (4) |
| Net cash provided by (used in) financing activities | 17,435 | (2,459) |
| Effect of foreign exchange rates on cash | 240 | (736) |
| Net change in cash and cash equivalents | (17,384) | 42,627 |
| Cash and cash equivalents at the beginning of the period | 114,118 | 57,179 |
| Cash and cash equivalents at the end of the period | \$ 96,734 | \$ 99,806 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | \$ 8,474 | \$ 5,318 |
| Income taxes paid | \$ 8,536 | \$ 14,068 |

See accompanying notes to the condensed consolidated financial statements.

Supplemental schedule of noncash financing activities:

During the nine months ended September 30, 2017 there were 5,190 shares, totaling \$327 thousand, used to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vesting.

As of December 31, 2016 there were 109,475 shares totaling \$6.4 million of share repurchases that were not settled until January 2017.

Ebix, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

Note 1: Description of Business and Summary of Significant Accounting Policies

Description of Business— Ebix, Inc. and subsidiaries (“Ebix” or the “Company”) is an international supplier of on-demand software and e-commerce solutions to the insurance, healthcare and financial industries, e-governance solutions to governmental agencies in the health and education sectors, as well as remittance and related services in our financial exchange. Ebix provides various application software products for the insurance industry including data exchanges, carrier systems, broker systems, and agency systems, and custom software development for business entities across the insurance industry. The Company's products feature fully customizable and scalable on-demand software applications designed to streamline the way insurance professionals manage distribution, marketing, sales, customer service, and accounting activities. The Company has its headquarters in Johns Creek, Georgia and also conducts operating activities in Australia, Canada, India, Dubai, New Zealand, Singapore, United Kingdom and Brazil. International revenue accounted for 39.2% and 27.8% of the Company’s total revenue for the nine months ended September 30, 2017 and 2016, respectively.

The Company’s revenues are derived from four product/service channels. Presented in the table below is the breakout of our revenue streams for each of those product/service channels for the three and nine months ended September 30, 2017 and 2016.

| <i>(dollar amounts in thousands)</i> | Three Months Ended | | Nine Months Ended | |
|--------------------------------------|---------------------------|------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Exchanges | \$ 64,130 | \$ 52,016 | \$ 177,117 | \$ 151,424 |
| Broker Systems | 3,715 | 3,557 | 11,098 | 10,654 |
| Risk Compliance Solutions (“RCS”) | 24,265 | 18,076 | 68,780 | 53,489 |
| Carrier Systems | 690 | 959 | 2,295 | 2,681 |
| Totals | \$ 92,800 | \$ 74,608 | \$ 259,290 | \$ 218,248 |

Summary of Significant Accounting Policies

Basis of Presentation—The accompanying unaudited condensed consolidated financial statements and these notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) with the effect of inter-company balances and transactions eliminated. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP and SEC rules have been condensed or omitted as permitted by and pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. These unaudited condensed consolidated financial statements contain adjustments (consisting only of normal recurring items) necessary to fairly present the consolidated financial position of the Company and its consolidated results of operations and cash flows. Operating results for the three and nine months ended September 30, 2017 and 2016 are not necessarily indicative of the results that may be expected for future quarters or the full year of 2017. The condensed consolidated December 31, 2016 balance sheet included in this interim period filing has been derived from the audited financial statements at that date but does not necessarily include all of the information and related notes required by GAAP for complete financial statements. These condensed interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Reclassification- As part of the Wdev Solucoes em Technologia SA (“Wdev”) acquisition \$2.9 million of the upfront cash consideration is being held in an escrow account for the thirty-eight month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual net revenue threshold, which if not achieved will result in said funds being returned to Ebix. This amount which was previously reported in “Restricted Cash” on our December 31, 2016 condensed consolidated balance sheets, is now being reported in “Other Assets” line in the long term asset section of the condensed consolidated balance sheets. Additionally, as of December 31, 2016 there was \$14.4 million of restricted fiduciary funds associated with the EbixHealth JV that pertain to un-remitted insurance premiums and claim funds established for the benefit of various carriers which are held in a fiduciary capacity until disbursed. This amount which was previously reported in “Restricted Cash” on our December 31, 2016 condensed consolidated balance sheets, is now being reported in “Fiduciary funds-restricted” line in the short term asset section of the condensed consolidated balance sheets

Advertising—With the exception of certain direct-response costs, advertising costs are expensed as incurred. Advertising costs amounted to \$4.4 million and \$4.7 million in the first nine months of 2017 and 2016, respectively, and are included in sales and marketing expenses in the accompanying Condensed Consolidated Statements of Income. During the first nine months of 2017 and 2016 reported sales and marketing expenses included \$3.0 million and \$3.1 million, respectively, of amortization of certain direct-response advertising costs associated with our medical education services, which have been capitalized in accordance with Accounting Standards Codification ("ASC") Topic 340. These costs are being amortized to advertising expense over periods ranging from twelve to twenty-four months based on the type of product the customer purchased. Deferred advertising costs amounted to \$2.4 million and \$2.8 million at September 30, 2017 and December 31, 2016, respectively, and are included in other current assets and other assets on the consolidated balance sheet.

Fair Value of Financial Instruments—The Company follows the relevant GAAP guidance concerning fair value measurements which provides a consistent framework to define, measure, and disclose the fair value of assets and liabilities in financial statements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. This guidance establishes a three-level hierarchy priority for disclosure of assets and liabilities recorded at fair value. The ordering of priority reflects the degree to which objective data from external active markets are available to measure fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. The classifications are as follows:

- **Level 1 Inputs** - Unadjusted quoted prices available in active markets for identical investments to the reporting entity at the measurement date.
- **Level 2 Inputs** - Other than quoted prices included in Level 1 inputs, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3 Inputs** - Unobservable inputs, which are used to the extent that observable inputs are not available, and used in situations where there is little or no market activity for the asset or liability and wherein the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of September 30, 2017 the Company had the following financial instruments to which it had to consider fair values and had to make fair value assessments:

- Short-term investments for which the fair values are measured as a Level 1 instrument.
- Contingent accrued earn-out business acquisition consideration liabilities for which fair values are measured as Level 3 instruments. These contingent consideration liabilities were recorded at fair value on the acquisition date and are remeasured quarterly based on the then assessed fair value and adjusted if necessary. The increases or decreases in the fair value of contingent consideration payable can result from changes in anticipated revenue levels and changes in assumed discount periods and rates. As the fair value measure is based on significant inputs that are not observable in the market, they are categorized as Level 3.

Other financial instruments not measured at fair value on the Company's unaudited condensed consolidated balance sheet at September 30, 2017 but which require disclosure of their fair values include: cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, accrued payroll and related benefits, capital lease obligations, and the revolving line of credit and term loan debt under the syndicated credit agreement facility with Regions Financial Corporation. The Company believes that the estimated fair value of such instruments at September 30, 2017 and December 31, 2016 approximates their carrying value as reported on the unaudited Condensed Consolidated Balance Sheet.

Additional information regarding the Company's assets and liabilities that are measured at fair value on a recurring basis is presented in the following tables:

Fair Values at Reporting Date Using*

| Descriptions | Fair Values at Reporting Date Using* | | | |
|---|--------------------------------------|---|---|--|
| | Balance, September 30, 2017 | Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In thousands) | | | | |
| Assets | | | | |
| <u>Available-for-sale securities:</u> | | | | |
| Commercial bank certificates of deposits (\$2.6 million is recorded in the long term asset section of the consolidated balance sheets in "Other Assets") | \$ 8,091 | \$ 8,091 | \$ — | \$ — |
| Total assets measured at fair value | \$ 8,091 | \$ 8,091 | \$ — | \$ — |
| Liabilities | | | | |
| <u>Derivatives:</u> | | | | |
| Contingent accrued earn-out acquisition consideration (a) | \$ 39,179 | \$ — | \$ — | \$ 39,179 |
| Total liabilities measured at fair value | \$ 39,179 | \$ — | \$ — | \$ 39,179 |

(a) The income valuation approach is applied and the valuation inputs include the contingent payment arrangement terms, projected cash flows, rate of return, and probability assessments.

* During the nine months ended September 30, 2017 there were no transfers between fair value Levels 1, 2 or 3.

| Descriptions | Fair Values at Reporting Date Using* | | | |
|--|--------------------------------------|---|---|--|
| | Balance, December 31, 2016 | Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In thousands) | | | | |
| Assets | | | | |
| Available-for-sale securities: | | | | |
| Commercial bank certificates of deposits (\$925 thousand is recorded in the long term asset section of the consolidated balance sheets in "Other Assets") | \$ 4,030 | 4,030 | \$ — | \$ — |
| Total assets measured at fair value | \$ 4,030 | \$ 4,030 | \$ — | \$ — |
| Liabilities | | | | |
| Derivatives: | | | | |
| Contingent accrued earn-out acquisition consideration (a) | \$ 8,510 | \$ — | \$ — | \$ 8,510 |
| Total liabilities measured at fair value | \$ 8,510 | \$ — | \$ — | \$ 8,510 |

(a) The income valuation approach is applied and the valuation inputs include the contingent payment arrangement terms, projected cash flows, rate of return, and probability assessments.

* During the twelve months ended December 31, 2016 there were no transfers between fair value Levels 1, 2 or 3.

For the Company's assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3), the following table provides a reconciliation of the beginning and ending balances for each category therein, and gains or losses recognized during the nine months ended September 30, 2017 and during the year ended December 31, 2016:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

| Contingent Liability for Accrued Earn-out Acquisition Consideration | September 30, 2017 | December 31, 2016 |
|--|-----------------------|-------------------|
| | (in thousands) | |
| Beginning balance | \$ 8,510 | \$ 4,277 |
| Total remeasurement adjustments: | | |
| Gains included in earnings ** | (164) | (1,344) |
| Increases (Reductions) recorded against goodwill | (3,432) | (664) |
| Foreign currency translation adjustments *** | 153 | (208) |
| Acquisitions and settlements | | |
| Business acquisitions | 34,112 | 6,449 |
| Ending balance | <u>\$ 39,179</u> | <u>\$ 8,510</u> |
| The amount of total (gains) losses for the period included in earnings or changes to net assets, attributable to changes in unrealized gains relating to assets or liabilities still held at period-end. Vertex earnout period expired in the third quarter of 2016 and gain was realized. | | |
| | <u>\$ —</u> | <u>\$ (624)</u> |

** recorded as a reduction to reported general and administrative expenses

*** recorded as a component of other comprehensive income within stockholders' equity

Quantitative Information about Level 3 Fair Value Measurements

The significant unobservable inputs used in the fair value measurement of the Company's contingent consideration liabilities designated as Level 3 are as follows:

| (in thousands) | Fair Value at September 30, 2017 | Valuation Technique | Significant Unobservable Input |
|---|--|----------------------|--|
| Contingent acquisition consideration: (Qatarlyst, Wdev, and ItzCash acquisition) | \$39,179 | Discounted cash flow | Projected revenue and probability of achievement |

| (in thousands) | Fair Value at December 31, 2016 | Valuation Technique | Significant Unobservable Input |
|--|---------------------------------------|----------------------|--|
| Contingent acquisition consideration: (Qatarlyst and Wdev acquisitions) | \$8,510 | Discounted cash flow | Projected revenue and probability of achievement |

Sensitivity to Changes in Significant Unobservable Inputs

As presented in the table above, the significant unobservable inputs used in the fair value measurement of contingent consideration related to business acquisitions are projected revenue forecasts as developed by the relevant members of Company's management team and the probability of achievement of those revenue forecasts. Significant increases (decreases) in these unobservable inputs in isolation would result in a significantly higher (lower) fair value measurement. The Company applies these terms in its calculation and determination of the fair value of contingent earn out liabilities for purchased businesses as part of the related valuation and purchase price allocation exercise for the corresponding acquired assets and liabilities. During 2017 and 2016, certain of the Company's contingent earn out liabilities were adjusted because of changes to anticipated future revenues from these acquired businesses, or as a result of finalizing purchase price allocations that were previously provisional.

Revenue Recognition—The Company derives its revenues primarily from subscription and transaction fees pertaining to services delivered over our exchanges or from our application service provider ("ASP") platforms, fees for risk compliance solution services, and fees for software development projects including associated fees for consulting, implementation, training, and project management provided to customers with installed systems and applications. Sales and value-added taxes are not included in revenues, but rather are recorded as a liability until the taxes assessed are remitted to the respective taxing authorities.

In accordance with Financial Accounting Standard Board ("FASB") and SEC accounting guidance on revenue recognition, the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, provided that the arrangement fee is fixed or determinable, (b) delivery or performance has occurred, (c) customer acceptance has been received or is assured, if contractually required, and (d) collectability of the arrangement fee is probable. The Company uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant generally accepted accounting principles related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement.

For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with the relevant technical accounting guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition. These types of arrangements include deliverables pertaining to software licenses, system set-up, and professional services associated with product customization or modification. Delivery of the various contractual elements typically occurs over periods of less than eighteen months. These arrangements generally do not have refund provisions or have very limited refund terms.

Software development arrangements involving significant customization, modification or production are accounted for in accordance with the appropriate technical accounting guidance issued by FASB using the percentage-of-completion method. The Company recognizes revenue using periodic reported actual hours worked as a percentage of total expected hours required to complete the project arrangement and applies the percentage to the total arrangement fee.

Financial exchange revenue consists largely of transaction-based fees and fees from corporate and retail gift vouchers. The transaction-based fees are primarily based on a percentage of payment value processed for solutions such as retail and corporate payments, domestic money transfers, and general purpose reloadable cards. Transaction-based fees are recognized at the completion of the transaction. Gift voucher revenue is recognized at full purchase value at time of sale with the corresponding cost of vouchers recorded under direct expenses.

Accounts Receivable and the Allowance for Doubtful Accounts—Reported accounts receivable include \$76.7 million of trade receivables stated at invoice billed amounts and \$26.1 million of unbilled receivables, net of the estimated allowance for doubtful accounts receivable in the amount of \$3.6 million. The unbilled receivables pertain to certain projects for which the timing of billing is tied to contractual milestones. The Company adheres to such contractually stated performance milestones and accordingly issues invoices to customers as per contract billing schedules. Approximately \$4.9 million of deferred revenue is included in billed accounts receivable at September 30, 2017. The Company recognized and recorded bad debt expense in the amount of \$385 thousand and \$1.1 million for the three and nine-month periods ended September 30, 2017 and \$243 thousand and \$700 thousand for the three and nine-month periods ended September 30, 2016, respectively. Accounts receivable are written off against the allowance account when the Company has exhausted all reasonable collection efforts. During the nine months ended September 30, 2017, \$513 thousand of accounts receivable, which had been specifically reserved for in prior periods, were written off.

Goodwill and Other Indefinite-Lived Intangible Assets—Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Indefinite-lived intangible assets represent the fair value of certain acquired contractual customer relationships for which future cash flows are expected to continue indefinitely. In accordance with the relevant FASB accounting

guidance, goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurs or circumstances change that would likely have reduced the fair value of a reporting unit below its carrying value. Potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, and the sale or disposition of a significant portion of the business. The impairment evaluation process involves an assessment of certain qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of any of our reporting units was less than its carrying amount. If after assessing the totality of events or circumstances, we were to determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company would not perform the two-step quantitative impairment testing described further below.

The aforementioned two-step quantitative testing process involves comparing the reporting unit carrying values to their respective fair values; we determine fair value of our reporting units by applying the discounted cash flow method using the present value of future estimated net cash flows. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value were to be less than its carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value. Projections of cash flows are based on our views of growth rates, operating costs, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. The use of different estimates or assumptions for our projected discounted cash flows (e.g., growth rates, future economic conditions, discount rates and estimates of terminal values) when determining the fair value of our reporting units could result in different values and may result in a goodwill impairment charge. In 2016 the goodwill residing in the Broker Systems reporting unit and the Carrier Systems reporting unit, were evaluated for impairment based on an assessment of certain qualitative factors, and were determined not to have been impaired. In 2016 the goodwill residing in the Exchange reporting unit and the RCS reporting unit were evaluated for impairment using step-one of the quantitative testing process described above. The fair value of both of these reporting units were found to be greater than their carrying value, and thusly there was no need to proceed to step-two, as there was no impairment indicated. In specific regards to the RCS reporting unit, its assessed fair value was \$130.0 million which was \$36.8 million or 39% in excess of its \$93.2 million carrying value. Key assumptions used in the fair value determination were annual revenue growth of 5% to 15% and discount rate of 15%. As of September 30, 2016 there was \$68.3 million of goodwill assigned to the RCS reporting unit. A significant reduction in future revenues for the RCS reporting unit would negatively affect the fair value determination for this unit and may result in an impairment to goodwill and a corresponding charge against earnings. We perform our annual goodwill impairment evaluation and testing as of September 30th of each year. This evaluation is done during the fourth quarter each year. During the year ended December 31, 2016 we had no impairment of our reporting unit goodwill balances.

Changes in the carrying amount of goodwill for the nine months ended September 30, 2017 and the year ended December 31, 2016 are reflected in the following table.

| | September 30, 2017 | December 31, 2016 |
|--|-------------------------------|------------------------------|
| | (In thousands) | |
| Beginning Balance | \$ 441,404 | \$ 402,259 |
| Additions (see Note 3) | 127,974 | 35,787 |
| Purchase accounting adjustments | (11,342) | 4,298 |
| Foreign currency translation adjustments | 1,127 | (940) |
| Ending Balance | <u>\$ 559,163</u> | <u>\$ 441,404</u> |

Capitalized Software Development Costs—In accordance with the relevant FASB accounting guidance regarding the development of software to be sold, leased, or marketed, the Company expenses such costs as they are incurred until technological feasibility has been established, at and after which time those costs are capitalized until the product is available for general release to customers. Costs incurred to enhance our software products, after general market release of the services using the products, are expensed in the period they are incurred.

Finite-lived Intangible Assets—Purchased intangible assets represent the estimated acquisition date fair value of customer relationships, developed technology, trademarks and non-compete agreements obtained in connection with the businesses we acquire. We amortize these intangible assets on a straight-line basis over their estimated useful lives, as follows:

| Category | Life (yrs) |
|------------------------|------------|
| Customer relationships | 7–20 |
| Developed technology | 3–12 |
| Trademarks | 3–15 |
| Non-compete agreements | 5 |
| Backlog | 1.2 |
| Database | 10 |

The carrying value of finite-lived and indefinite-lived intangible assets at September 30, 2017 and December 31, 2016 are as follows:

| | September 30, 2017 | December 31, 2016 |
|------------------------------------|-----------------------|----------------------|
| | (In thousands) | |
| Finite-lived intangible assets: | | |
| Customer relationships | \$ 77,494 | \$ 71,338 |
| Developed technology | 21,338 | 16,011 |
| Trademarks | 2,695 | 2,666 |
| Non-compete agreements | 764 | 764 |
| Backlog | 140 | 140 |
| Database | 212 | 212 |
| Total intangibles | 102,643 | 91,131 |
| Accumulated amortization | (55,632) | (49,795) |
| Finite-lived intangibles, net | \$ 47,011 | \$ 41,336 |
| Indefinite-lived intangibles: | | |
| Customer/territorial relationships | \$ 38,694 | \$ 30,887 |

Amortization expense recognized in connection with acquired intangible assets was \$1.8 million and \$5.4 million for the three and nine months ended September 30, 2017, respectively, and \$1.7 million and \$5.1 million for the three and nine months ended September 30, 2016, respectively.

Foreign Currency Translation—The functional currency for the Company's foreign subsidiaries in India, Dubai, and Singapore is the U.S. dollar because the intellectual property research and development activities provided by its Dubai and Singapore subsidiaries, and the product development and information technology enabled services activities for the insurance industry provided by its India subsidiary, both in support of the Company's operating divisions across the world, are transacted in U.S. dollars.

The functional currency of the Company's other foreign subsidiaries is the local currency of the country in which the subsidiary operates. The assets and liabilities of these foreign subsidiaries are translated into U.S. dollars at the rates of exchange at the balance sheet dates. Income and expense accounts are translated at the average exchange rates in effect during the period. Gains and losses resulting from translation adjustments are included as a component of accumulated other comprehensive income in the accompanying consolidated balance sheets, and are included in the condensed consolidated statements of comprehensive income. Foreign exchange transaction gains and losses that are derived from transactions denominated in a currency other than the subsidiary's functional currency are included in the determination of net income.

Income Taxes—Deferred income taxes are recorded to reflect the estimated future tax effects of differences between the financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company also applies the relevant FASB accounting guidance on accounting for uncertainty in income taxes positions. This guidance clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. In this regard we recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The Company has applied the provisions under FASB update No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry Forward, A Similar Tax Loss, or a Tax Credit Carry Forward Exists. Under these provisions, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry forward, a similar tax loss, or a tax credit carry forward in most cases. This provision has been applied beginning in 2014 resulting in \$341 thousand of unrecognized tax benefits that have been applied against both the NOL carry forward amounts as of September 30, 2017 and December 31, 2016.

Recent Relevant Accounting Pronouncements—The following is a brief discussion of recently released accounting pronouncements that are pertinent to the Company's business:

In January 2017 the FASB issued Accounting Standards Update ("ASU") 2017-04, *Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment*". To simplify the subsequent measurement of goodwill, the FASB eliminated Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities). Instead, under the amendments in this ASU, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. A public business entity filer should adopt the amendments in this ASU for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The Company has yet to assess the impact that the adoption of this ASU will have on Ebix's consolidated income statement and balance sheet.

In January 2017 the FASB issued ASU 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*" which amended the existing FASB Accounting Standards Codification. The standard provides additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting, including acquisitions, disposals, goodwill, and consolidation. ASU 2017-01 is effective for fiscal 2019 with early adoption permitted. The Company has yet to assess the impact that the adoption of this ASU will have on Ebix's consolidated income statement and balance sheet

In November 2016 the FASB issued ASU 2016-18, "Statement of Cash Flow (Topic 230) Restricted Cash" amends ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments in this Update should be applied using a retrospective transition method to each period presented.

In October 2016 the FASB issued ASU 2016-16, *Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*". Current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This prohibition on recognition is an exception to the principle of comprehensive recognition of current and deferred income taxes in GAAP. The amendments specified by ASU 2016-16 require an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments eliminate the exception for an intra-entity transfer of an asset other than inventory. Two common examples of assets included in the scope of the amendments are intellectual property, and property, plant and equipment. The amendments do not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. The amendments align the recognition of income tax consequences for intra-entity transfers of assets other than inventory with International Financial Reporting Standards. IAS 12, Income Taxes, requires recognition of current and deferred income taxes resulting from an intra-entity transfer of any asset (including inventory) when the transfer occurs. The amendments are effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities in the first interim period if an entity issues interim financial statements. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company has yet to assess the impact that the adoption of this ASU will have on Ebix's consolidated income statement and balance sheet.

In August 2016 the FASB issued ASU No. 2016-15 “*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*”. This ASU addresses the following eight specific cash flow issues: Contingent consideration payments made after a business combination; distributions received from equity method investees; debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies; and beneficial interests in securitization transactions; and also addresses separately identifiable cash flows and application of the predominance principle. The amendments in this Update apply to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The amendments should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the ASU for those issuers would be applied prospectively as of the earliest date practicable. The Company has yet to assess the impact that the adoption of this ASU will have on Ebix's consolidated income statement and balance sheet.

In March 2016 the FASB issued ASU 2016-07 “*Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*”. The amendments affect all entities that have an investment that becomes qualified for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence. The amendments eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor’s previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Earlier application is permitted. The adoption of this ASU in the first quarter of 2017 did not impact our consolidated financial position, results of operations or cash flows.

In March 2016 the FASB issued ASU 2016-09, “*Compensation - Stock Compensation (Topic 718)*”. This amendment simplifies the requirements for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The adoption of this ASU in the first quarter of 2017 did not impact our consolidated financial position, cash flows or resulting tax expense.

In February 2016 the FASB issued ASU 2016-02, “*Leases (Topic 842)*”. This new accounting guidance is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. The ASU will require organizations that lease assets referred to as “Lessees” to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. An organization is to provide disclosures designed to enable users of financial statements to understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements concerning additional information about the amounts recorded in the financial statements. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet the new ASU will require both types of leases (i.e., operating and capital) to be recognized on the balance sheet. The FASB lessee accounting model will continue to account for both types of leases. The capital lease will be accounted for in substantially the same manner as capital leases are accounted for under existing GAAP. For operating leases there will have to be the recognition of a lease liability and a lease asset for all such leases greater than one year in term. The leasing standard will be effective for calendar year-end public companies beginning after December 15, 2018. Public companies will be required to adopt the new leasing standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all companies and organizations. For calendar year-end public companies, this means an adoption date of January 1, 2019 and retrospective application to previously issued annual and interim financial statements for 2018 and 2017. Lessees with a large portfolio of leases are likely to see a significant increase in balance sheet assets and liabilities. See Note 5 for the Company’s current lease commitments. The Company is evaluating the impact that this new leasing ASU will have on its financial statements.

In May 2014 the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*". ASU 2014-09 affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. This ASU also supersedes some cost guidance included in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (e.g., assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles—Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this ASU.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For a public entity, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted.

An entity should apply the amendments in this ASU using one of the following two methods:

1. Retrospectively to each prior reporting period presented and the entity may elect any of the following practical expedients:

- For completed contracts, an entity need not restate contracts that begin and end within the same annual reporting period.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.
- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue.

2. Retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. If an entity elects this transition method it also should provide the additional disclosures in reporting periods that include the date of initial application of:

- The amount by which each financial statement line item is affected in the current reporting period by the application of this ASU as compared to the guidance that was in effect before the change.
- An explanation of the reasons for significant changes.

Subsequently, in August 2015 the FASB issued ASU No. 2015-14 "*Revenue from Contracts with Customers: Deferral of Effective Date*", to defer the effective date of ASU No. 2014-09 for all entities by one year. Accordingly public business entities should apply the guidance of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that annual reporting period.

The effective date and transition of these amendments (the "New Revenue Standard") is the same as the effective date and transition of ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Public entities should apply the amendments in ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e.,

January 1, 2018, for a calendar year entity). While the Company is finalizing its evaluation of the full impact of the New Revenue Standard and related amendments on its consolidated financial statements and related disclosures, the Company has assessed certain changes that may have a material impact on the Consolidated Financial Statements. These changes primarily include the treatment of certain services revenue associated with programming, setup, and implementation activities related to our SaaS offerings, that currently have standalone value and are recognized as work is performed, may need to be deferred and recognized over the contract period. Additionally, certain costs associated with these activities are currently recognized as an expense when incurred and may need to be capitalized under the new guidance.

The Company plans to adopt this New Revenue Standard, as well as other clarifications and technical guidance issued by the FASB related to this New Revenue Standard, on January 1, 2018, and the Company will apply the modified retrospective transition method. This will result in an adjustment to retained earnings for the cumulative effect, if any, of applying this New Revenue Standard to contracts in process as of the adoption date. Under this method, the Company would not restate the prior consolidated financial statements presented. However, the Company will include additional disclosures of the amount by which each financial statement line item is affected in the current reporting period during 2018, as compared to the guidance that was in effect before the change, and an explanation of the reasons for significant changes, if any.

In March 2016 the FASB issued ASU No. 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*". The amendments relate to when another party, along with the Company, is involved in providing a good or service to a customer. Topic 606 Revenue from Contracts with Customers requires an entity to determine whether the nature of its promise is to provide that good or service to the customer (i.e., the entity is a principal) or to arrange for the good or service to be provided to the customer by the other party (i.e., the entity is an agent). The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations by clarifying the following:

- > An entity determines whether it is a principal or an agent for each specified good or service promised to a customer.
- > An entity determines the nature of each specified good or service (e.g., whether it is a good, service, or a right to a good or service).
- > When another entity is involved in providing goods or services to a customer, an entity that is a principal obtains control of: (a) a good or another asset from the other party that it then transfers to the customer; (b) a right to a service that will be performed by another party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf; or (c) a good or service from the other party that it combines with other goods or services to provide the specified good or service to the customer.
- > The purpose of the indicators in paragraph 606-10-55-39 is to support or assist in the assessment of control. The amendments in paragraph 606-10-55-39A clarify that the indicators may be more or less relevant to the control assessment and that one or more indicators may be more or less persuasive to the control assessment, depending on the facts and circumstances.

The effective date and transition of this amendment is the same as the effective date and transition of ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Public entities should apply the amendments in ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). We are continuing to evaluate the potential impact of ASU 2016-08; however, the Company does not expect it to have any material effect on the consolidated financial statements.

Under legacy US GAAP 340-20, direct response advertising was eligible for capitalization if certain conditions were met. Effective January 1, 2018 Subtopic 340-40 replaces that guidance to require the costs of direct-response advertising to be expensed as they are incurred or the first time the advertising takes place. An entity shall recognize a cumulative effective change to opening retained earnings in the year of adoption of the standard. An entity may apply this to all contracts as of the date of initial application (Jan. 1, 2018 for instance) or to contracts that are not completed. The Company is evaluating the impact that this will have on its financial statements.

In a related technical accounting pronouncement in April 2016 the FASB issued ASU 2016-10, "*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*", which is an amendment to ASU 2014-09. This amendment provides clarification on two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. Public entities should apply the amendments for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). Early

application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The effective date for nonpublic entities is deferred by one year. A summary of this ASU is as follows:

Identifying Performance Obligations

Before an entity can identify its performance obligations in a contract with a customer, the entity first identifies the promised goods or services in the contract. The amendments add the following guidance:

1. An entity is not required to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer.
2. An entity is permitted, as an accounting policy election, to account for shipping and handling activities that occur after the customer has obtained control of a good as an activity to fulfill the promise to transfer the good rather than as an additional promised service.

To identify performance obligations in a contract, an entity evaluates whether promised goods and services are distinct. The amendments improve the guidance on assessing the promises are separately identifiable criterion by:

1. Better articulating the principle for determining whether promises to transfer goods or services to a customer are separately identifiable by emphasizing that an entity determines whether the nature of its promise in the contract is to transfer each of the goods or services or whether the promise is to transfer a combined item (or items) to which the promised goods and/or services are inputs.
2. Revising the related factors and examples to align with the improved articulation of the separately identifiable principle.

Note 2: Earnings per Share

A reconciliation between basic and diluted earnings per share is as follows (in thousands, except per share data):

| | Three Months Ended | | Nine Months Ended | |
|--|--|------------------|--------------------------|------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| | (In thousands, except per share data) | | | |
| Net income attributable to Ebix, Inc. | \$ 24,184 | \$ 24,067 | \$ 74,045 | \$ 69,218 |
| Basic Weighted Average Shares Outstanding | 31,453 | 32,421 | 31,582 | 32,716 |
| Dilutive effect of stock options and restricted stock awards | 169 | 284 | 161 | 278 |
| Diluted weighted average shares outstanding | 31,622 | 32,705 | 31,743 | 32,994 |
| Basic earnings per common share | <u>\$ 0.77</u> | <u>\$ 0.74</u> | <u>\$ 2.34</u> | <u>\$ 2.12</u> |
| Diluted earnings per common share | <u>\$ 0.76</u> | <u>\$ 0.74</u> | <u>\$ 2.33</u> | <u>\$ 2.10</u> |

Note 3: Business Combinations

The Company seeks to execute accretive business acquisitions (which primarily targets businesses that are complementary to Ebix's existing products and services), in combination with organic growth initiatives, as part of its comprehensive business growth and expansion strategy.

During the nine months ended September 30, 2017, the Company completed three business acquisitions, as follows:

On August 18 2017 Ebix entered into an agreement to acquire Money Transfer Service Scheme ("MTSS") Business of YouFirst Money Express Private Limited ("YouFirst") for upfront cash consideration in the amount \$8.0 million. The acquisition, effective September 1, 2017, was funded in October following the securing of requisite approvals for the closing. The valuation and purchase price allocation for the YouFirst acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

Effective June 1, 2017 Ebix acquired the assets of beBetter Health, Inc., ("beBetter"), a technology enabled corporate wellness provider that provides end-to-end wellness solutions offering a variety of tools and programs, including interactive platforms, health screening, coaching, tobacco cessation, weight and stress management, health information, and numerous other products and services. Ebix acquired the assets and intellectual property of beBetter for \$1.0 million plus possible future contingent earn-out payments of up to \$2.0 million based on earned revenues over the subsequent twenty-four month period following the effective date of the acquisition. The valuation and purchase price allocation for the beBetter acquisition remains preliminary and will be finalized prior to December 31, 2017.

Effective April 1, 2017 Ebix entered into a joint venture with India-based Essel Group, while acquiring an 80% stake in ItzCash Card Limited ("ItzCash"), India's leading payment solutions exchange. ItzCash is recognized as a leader in the prepaid cards and bill payments space in India. Under the terms of the agreement, ItzCash was valued at a total enterprise value of approximately \$150 million. Accordingly, Ebix acquired an 80% stake in ItzCash for \$120 million including upfront cash of \$76.3 million plus possible future contingent earn-out payments of up to \$44.0 million based on earned revenues over the subsequent thirty-six month period following the effective date of the acquisition. \$4.0 million of the possible future contingent earn-out payments is being held in escrow accounts for the twelve month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual gross revenue threshold, which if not achieved will result in said funds being returned to Ebix. The valuation and purchase price allocation for the ItzCash acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

In addition to the acquisitions that closed during the nine months ended September 30, 2017, On August 17, 2017 the Company announced the acquisition of the MTSS Business of Wall Street Finance Limited ("WSFIN") along with the acquisition of its subsidiary company Goldman Securities Limited, pending shareholder and other requisite approvals being secured, for upfront cash consideration of \$7.25 million, for which an escrow agreement was put in place. The funds were released to the seller in October, following WSFIN securing the requisite approvals for the closing. Additionally, the Company announced the acquisition

of the MTSS business of Paul Merchants Limited ("PML") on September 21, 2017, pending shareholder and other regulatory/commercial approvals, for upfront cash consideration of \$36.6 million, for which an escrow agreement was put in place. The completion of the acquisition occurred November 7, 2017. As a result of the escrow agreements being signed the Company recorded a liability which is reported in the "Acquisition Obligations" line in the short term liability section of the condensed consolidated balance sheets and an asset which is reported in the "Other Assets" line in the long term asset section of the condensed consolidated balance sheets.

During the year ended December 31, 2016, the Company completed three business acquisitions, as follows:

Effective November 1, 2016 Ebix acquired Wdev Solucoes em Tecnologia SA ("Wdev"), a Brazilian company that provides IT services and software development for the Latin American insurance industry. Ebix acquired Wdev for upfront cash consideration in the amount of \$10.5 million, plus possible future contingent earn-out payments of up to \$15.7 million based on earned revenues over the subsequent thirty-eight month period following the effective date of the acquisition. \$2.9 million of the upfront cash consideration is being held in an escrow account for the thirty-eight month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual net revenue threshold, which if not achieved will result in said funds being returned to Ebix. The valuation and purchase price allocation for the Wdev acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

Effective November 1, 2016 Ebix acquired the assets of IHAC, Inc., d.b.a Hope Health ("Hope"), a Michigan corporation and publisher of health and wellness continuing education products. Ebix acquired the assets and intellectual property of Hope for \$1.72 million.

Effective July 1, 2016 Ebix and Independence Holdings Corporation ("IHC") jointly executed a Call Notice agreement, whereby Ebix purchased additional common units in Ebix Health Exchange Holdings, LLC ("EbixHealth JV") from IHC constituting eleven percent (11%) of the EbixHealth JV for \$2.0 million cash which resulted in Ebix holding an aggregate fifty-one percent (51%) controlling equity interest in the EbixHealth JV. Commensurate with additional equity stake in the joint venture a contemporaneous valuation of the business was completed. In accordance with the technical accounting guidance pertaining to step acquisitions the Company recorded goodwill in the amount of \$13.2 million, intangible assets in the amount of \$9.1 million, a non-controlling interest in the amount of \$11.3 million, and recognized a \$1.2 million gain on its previously carried 40% equity interest in the EbixHealth JV. This recognized gain is reflected as a component of other non-operating income in the accompanying Condensed Consolidated Statement of Income. Previously, effective September 1, 2015 Ebix and IHC formed a joint venture named EbixHealth JV. Ebix paid \$6.0 million and contributed a license to use certain CurePet software and systems valued by the EbixHealth JV at \$2.0 million, for its initial 40% membership interest in the EbixHealth JV.

A significant component of the purchase price consideration for many of the Company's business acquisitions is a potential subsequent cash earnout payment based on reaching certain specified future revenue targets. The terms for the contingent earn out payments in most of the Company's business acquisitions typically address the GAAP recognizable revenues achieved by the acquired entity over a one, two, and/or three year period subsequent to the effective date of their acquisition by Ebix. These terms typically establish a minimum threshold revenue target with achievement of revenues recognized over that target being awarded in the form of a specified cash earn out payment. The Company applies these terms in its calculation and determination of the fair value of contingent earn out liabilities for purchased businesses as part of the related valuation and purchase price allocation exercise for the corresponding acquired assets and liabilities. The Company recognizes these potential obligations as contingent liabilities and are reported as such on its Condensed Consolidated Balance Sheets. As discussed in more detail in Note 1, these contingent consideration liabilities are recorded at fair value on the acquisition date and are remeasured quarterly based on the then assessed fair value and adjusted if necessary. During the nine months ended September 30, 2017 and 2016, these aggregate contingent accrued earn-out business acquisition consideration liabilities were reduced by \$3.6 million and \$2.4 million, respectively, due to remeasurements based on the then assessed fair value and changes in anticipated future revenue levels. In the first nine months ended September 30, 2017 and 2016 these reductions to the contingent accrued earn-out liabilities resulted in a corresponding reduction of \$164 thousand and \$1.7 million, respectively to general and administrative expenses as reported on the Condensed Consolidated Statements of Income and a reduction of \$3.4 million and \$664 thousand, respectively to goodwill as reported in the enclosed Condensed Consolidated Balance Sheets. As of September 30, 2017, the total of these contingent liabilities was \$39.18 million, of which \$33.26 million is reported in long-term liabilities, and \$5.92 million is included in current liabilities in the Company's Condensed Consolidated Balance Sheet. As of December 31, 2016 the total of these contingent liabilities was \$8.51 million, of which \$6.59 million was reported in long-term liabilities, and \$1.92 million was included in current liabilities in the Company's Condensed Consolidated Balance Sheet.

Consideration paid by the Company for the businesses it purchases is allocated to the assets and liabilities acquired based upon their estimated fair values as of the date of the acquisition. The excess of the purchase price over the estimated fair values

of assets acquired and liabilities assumed is recorded as goodwill. Recognized goodwill pertains to the value of the expected synergies to be derived from combining the operations of the businesses we acquire including the value of the acquired workforce.

The aggregated unaudited pro forma financial information pertaining to all of the Company's acquisitions that have an impact on the nine months ended September 30, 2017 and September 30, 2016, which includes the acquisitions of the EbixHealth JV (being fully consolidated effective July 1, 2016), Wdev (acquired November 2016), Hope (acquired November 2016), ItzCash (acquired April 2017), beBetter (acquired June 2017) and YouFirst (acquired September 2017) and as presented in the table below is provided for informational purposes only and is not a projection of the Company's expected results of operations for any future period. No effect has been given in this pro forma information for future synergistic benefits that may still be realized as a result of combining these companies or costs that may yet be incurred in integrating their operations. The 2017 and 2016 pro forma financial information below assumes that all such business acquisitions were made on January 1, 2016, whereas the Company's reported financial statements for the three and nine months ended September 30, 2017 only include the operating results from these businesses since the effective date that they were acquired by Ebix.

| | Three Months Ended September 30, 2017 | | Three Months Ended September 30, 2016 | | Nine Months Ended September 30, 2017 | | Nine Months Ended September 30, 2016 | |
|---------------------------------------|--|-----------------------|---------------------------------------|-----------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | As Reported (unaudited) | Pro Forma (unaudited) | As Reported (unaudited) | Pro Forma (unaudited) | As Reported (unaudited) | Pro Forma (unaudited) | As Reported (unaudited) | Pro Forma (unaudited) |
| | (In thousands, except per share data) | | | | | | | |
| Revenue | \$ 92,800 | \$ 93,817 | \$ 74,608 | \$ 88,857 | \$ 259,290 | \$ 273,996 | \$ 218,248 | \$ 266,225 |
| Net Income attributable to Ebix, Inc. | \$ 24,184 | \$ 24,269 | \$ 24,067 | \$ 24,103 | \$ 74,045 | \$ 75,095 | \$ 69,218 | \$ 67,859 |
| Basic EPS | \$ 0.77 | \$ 0.77 | \$ 0.74 | \$ 0.74 | \$ 2.34 | \$ 2.38 | \$ 2.12 | \$ 2.07 |
| Diluted EPS | \$ 0.76 | \$ 0.77 | \$ 0.74 | \$ 0.74 | \$ 2.33 | \$ 2.37 | \$ 2.10 | \$ 2.06 |

During the three months ended September 30, 2017 the Company's reported total operating revenues increased by \$18.2 million or 24% to \$92.8 million as compared to \$74.6 million during the same period in 2016.

During the nine months ended September 30, 2017 the Company's reported total operating revenues increased by \$41.0 million or 19% to \$259.3 million as compared to \$218.2 million during the same period in 2016.

With respect to business acquisitions completed during the years 2017 and 2016 on a pro forma basis, as disclosed in the above pro forma financial information table, combined revenues increased 5.6% and 2.9% for the three and nine months ending September 30, 2017 versus the same periods in 2016. The 2017 and 2016 pro forma financial information assumes that all business acquisitions made during this period were made on January 1, 2016, whereas the Company's reported financial statements for three and nine months ended September 30, 2017 only includes the revenues from these businesses since the effective date that they were acquired or consolidated by Ebix, being July 2016 for the EbixHealth JV, November 2016 for Wdev, November 2016 for Hope, April 2017 for ItzCash, June 2017 for beBetter and September 2017 for YouFirst.

The above referenced pro forma information and the relative comparative change in pro forma and reported revenues are based on the following premises:

- 2017 and 2016 pro forma revenue contains actual revenue of the acquired entities before acquisition date, as reported by the sellers, as well as actual revenue of the acquired entities after acquisition, whereas the reported growth in revenues of the acquired entities after acquisition date are only reflected for the period after their acquisition.
- Revenue billed to existing clients from the cross selling of acquired products has been assigned to the acquired section of our business.
- Any existing products sold to new customers obtained through a newly acquired customer base are assigned to the acquired section of our business.
- Pro formas do not include post acquisition revenue reductions as a result of discontinuation of any product lines and/or customer projects by Ebix in line with the Company's initiatives to maximize profitability.

Note 4: Debt with Commercial Bank

On June 17, 2016, the Company and certain of its subsidiaries entered into the Second Amendment (the "Second Amendment") to the Regions Secured Credit Facility, dated August 5, 2014, among the Company, Regions Bank as Administrative and Collateral Agent ("Regions"), Regions Capital Markets, PNC Capital Markets, LLC, and TD Securities (USA) as joint Lead Arrangers for the syndicate of lenders (the "Regions Secured Credit Facility"). The Second Amendment increases the total credit facility to \$400 million from the prior amount of \$240 million, and expands the syndicated bank group to eleven participants by adding seven new participants which include PNC Bank, National Association BMO Harris Bank N.A., Key Bank National Association, HSBC Bank National, Cadence Bank, the Toronto-Dominion Bank (New York Branch), and Trustmark National Bank. The Regions Secured Credit Facility now consists of a five-year revolving credit component in the amount of \$275 million, and a five-year term loan component in the amount of \$125 million, with repayments due in the amount \$3.13 million due each quarter, starting September 30, 2016. The Credit Agreement also contains an accordion feature, which if exercised and approved by all credit parties, would expand the total borrowing capacity under the syndicated credit facility to \$500 million. The Regions Secured Credit Facility carries a leverage-based LIBOR related interest rate, which currently stands at approximately 4.00%.

As of September 30, 2017 the Company's consolidated balance sheet includes \$2.66 million of remaining deferred financing costs in connection with this credit facility, which are being amortized as a component of interest expense over the five-year term of the financing agreement. In regards to these deferred financing costs, \$2.16 million pertains to the revolving line of credit component of the Credit Agreement, and \$503 thousand pertains to the term loan component of the Credit Agreement of which \$136 thousand is netted against the current portion and \$367 thousand is netted against the long-term portions of the term loan as reported on the Condensed Consolidated Balance.

At September 30, 2017, the outstanding balance on the revolving line of credit under the Regions Secured Credit Agreement was \$234.0 million and the facility carried an interest rate of 4.00%. During the nine months ended September 30, 2017, \$80.0 million of draws were made off of the revolving credit facility. The revolving line of credit balance is included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During the nine months ended September 30, 2017, the average and maximum outstanding balances of the revolving line of credit component of the credit facility were \$191.5 million and \$234.0 million, respectively.

At September 30, 2017, the outstanding balance on the term loan was \$109.4 million of which \$12.5 million is due within the next twelve months, with payments of \$9.38 million having been made during the nine months ended September 30, 2017, as scheduled. This term loan also carried an interest rate of 4.00%. The current and long-term portions of the term loan are included in the respective current and long-term sections of the Condensed Consolidated Balance Sheets, the amounts of which were \$12.5 million and \$96.9 million respectively at September 30, 2017.

Note 5: Commitments and Contingencies

Contingencies- Following the announcement on May 1, 2013 of the Company's execution of a merger agreement with affiliates of Goldman Sachs & Co., twelve putative class action complaints challenging the proposed merger were filed in the Delaware Court of Chancery. These complaints name as Defendants some combination of the Company, its directors, Goldman Sachs & Co. and affiliated entities. On June 10, 2013, the twelve complaints were consolidated by the Delaware Court of Chancery, now captioned *In re Ebix, Inc. Stockholder Litigation*, CA No. 8526-VCS. On June 19, 2013, the Company announced that the merger agreement had been terminated pursuant to a Termination and Settlement Agreement dated June 19, 2013. After Defendants moved to dismiss the consolidated proceeding, Lead Plaintiffs amended their operative complaint to drop their claims against Goldman Sachs & Co. and focus their allegations on an Acquisition Bonus Agreement ("ABA") between the Company and Robin Raina. On September 26, 2013, Defendants moved to dismiss the Amended Consolidated Complaint. On July 24, 2014, the Court issued its Memorandum Opinion that granted in large part the Company's Motion to Dismiss and narrowed the remaining claims. On September 15, 2014, the Court entered an Order implementing its Memorandum Opinion. On January 16, 2015, the Court entered an Order permitting Plaintiffs to file a Second Amended and Supplemented Complaint. On February 10, 2015, Defendants filed a Motion to Dismiss the Second Amended and Supplemented Complaint, which was granted in part and denied in part in a January 15, 2016 Memorandum Opinion and Order. On October 25, 2016, the Court entered an Order permitting Lead Plaintiffs to file a Verified Third Amended and Supplemented Class Action and Derivative Complaint, which made additional claims and added two directors as defendants. The Verified Third Amended and Supplemented Class Action and Derivative Complaint was then filed on October 26, 2016. The claims are as follows: (i) a purported class and derivative claim for breach of fiduciary duty for improperly maintaining the ABA as an unreasonable anti-takeover device; (ii) a purported class claim for breach of the fiduciary duty of disclosure to the stockholders with respect to the Company's 2010 Proxy Statement and 2010 Stock Incentive Plan; (iii)

a purported derivative claim for breach of fiduciary duty to the Company in causing incentive compensation to be awarded under the 2010 Stock Incentive Plan; (iv) a purported class and derivative claim for breach of fiduciary duty in adopting certain bylaw amendments on December 19, 2014; (v) a purported class and derivative claim seeking invalidation of the December 19, 2014 bylaw amendments under Delaware law; (vi) a purported claim for breach of fiduciary duty for not duly adopting the ABA at the July 15, 2009 Board meeting, and seeking declaratory relief invalidating the ABA; (vii) a purported claim for breach of the fiduciary duty of disclosure to the stockholders with respect to the ABA, and seeking declaratory relief invalidating the ABA; (viii) a purported claim seeking invalidation of the 2008 Stockholder Meeting, 2008 Certificate Amendment, 2008 Stock Split and subsequent corporate actions; and, (ix) a purported class claim for breach of fiduciary duty, and seeking declaratory relief invalidating the 2016 CEO Bonus Plan because of incomplete disclosures with respect to the ABA. Lead Plaintiffs seek declaratory relief with respect to the ABA, the 2010 Stock Incentive Plan, the 2010 Proxy Statement, the bylaw amendments, the 2008 Stockholder Meeting, the 2008 Certificate Amendment, the 2008 Stock Split, and the 2016 CEO Bonus Plan. Lead Plaintiffs also seek compensatory damages, interest, and attorneys' fees and costs. On October 31, 2016, Lead Plaintiffs filed a Motion for Class Certification. On November 1, 2016, Lead Plaintiffs moved for partial summary judgment on Claims (ii), (iii), and (vi) as described above. The directors added as defendants in the Third Amended and Supplemented Class Action and Derivative Complaint moved to dismiss all Claims against them. The remaining Defendants moved to dismiss Claims (v), (vi), (vii), (viii), and (ix) as described above, and have filed answers to the other claims in the Verified Third Amended and Supplemented Complaint. Briefing schedules for the pending motions have not been yet set and discovery is on-going. The Company denies any liability and intends to defend the action vigorously.

The Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate likely disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Lease Commitments—The Company leases office space under non-cancelable operating leases with expiration dates ranging through 2029, with various renewal options. Capital leases range from three to five years and are primarily for computer equipment. There were multiple assets under various individual capital leases at September 30, 2017 and 2016. Rental expense for office facilities and certain equipment subject to operating leases for the nine months ended September 30, 2017 and 2016 was \$4.3 million (net of a \$948 thousand purchase accounting adjustment) and \$4.7 million, respectively.

Self-Insurance—For some of the Company's U.S. employees the Company is self-insured for its health insurance program and has a stop loss policy that limits the individual liability to \$120 thousand per person and the aggregate liability to 125% of the expected claims based upon the number of participants and historical claims. As of September 30, 2017, the amount accrued on the Company's Condensed Consolidated Balance Sheet for the self-insured component of the Company's employee health insurance was \$332 thousand. The maximum potential estimated cumulative liability for the annual contract period, which ends in September 2018, was \$2.8 million.

Note 6: Income Taxes

The Company recorded income tax expense (benefit) of (\$204) thousand (-0.84%) and \$363 thousand 0.48% during the three and nine months ended September 30, 2017, respectively, which included discrete items for additions to the reserve for uncertain tax positions offset by the release of valuation allowances of operating loss carryforwards pertaining to our UK operations. The income tax expense (benefit) exclusive of discrete items for the three and nine months ended September 30, 2017 is (\$258) thousand ((1.1%)) and \$532 thousand (0.71%), respectively. Our tax expense and effective tax rate decreased year over year, exclusive of discrete charges, due to favorable changes in the proportion of our taxable income in certain foreign jurisdictions relative to total pre-tax income. The Company expects its full year tax rate before discrete items to be approximately 0.72%.

The Company's effective tax rate reflects the benefits of having significant operations outside the United States, which are generally taxed at rates lower than the US statutory rate of 35% and where the Company enjoys a tax holiday in India. During 2015, the Company secured an additional tax holiday in India until the year 2020 to support certain portions of its expanding operations there. The Company, also, had income during the quarter ended September 30, 2017 in the United Kingdom, Dubai, and Sweden, where the statutory tax rates are lower than the US rate of 35%.

As of September 30, 2017 a liability of \$6.6 million for uncertain tax positions is included in other long-term liabilities of the Company's Condensed Consolidated Balance Sheet. During the three and nine months ended September 30, 2017 there was \$55 thousand and \$3.3 million, respectively, in additions to this liability reserve. During the same periods in 2016, there were \$700 thousand in additions to this liability reserve. The Company recognizes interest accrued and penalties related to unrecognized tax benefits as part of income tax expense.

Note 7: Geographic Information

The Company operates with one reportable segment whose results are regularly reviewed by the Company's chief operating decision maker as to performance and allocation of resources. External customer revenues in the tables below are attributed to a particular country based on whether the customer had a direct contract with the Company which was executed in that particular country for the sale of the Company's products/services with an Ebix subsidiary located in that country.

The impact from fluctuations of the exchange rates for the foreign currencies in the countries in which we conduct operations partially affected reported revenues and were the primary cause for the decrease in revenues in Europe and the increase in Australia. Specifically, during the first nine months of 2017 the change in foreign currency exchange rates decreased reported Europe's operating revenues by \$1.2 million and increased Australia's reported revenues by \$818 thousand. India's revenue increased \$27.4 million of which \$8.4 million is due to the various new e-governance contracts with a number of large clients and \$19.5 million due to its April 2017 acquisition of ItzCash and September 2017 acquisition of Youfirst. Latin America's revenues increased \$10.6 million due primarily to the November 2016 acquisition of Wdev and Canada's revenues increased by \$1.3 million due primarily to increased professional services.

The following enterprise wide information relates to the Company's geographic locations (all amounts in thousands):

As of and for the Nine Months Ended September 30, 2017

| | United States | Canada | Latin America | Australia | Singapore | New Zealand | India | Europe | Dubai | Total |
|-------------------|---------------|----------|---------------|-----------|-----------|-------------|-----------|----------|-----------|-----------|
| External Revenues | \$157,682 | \$ 5,969 | \$ 14,486 | \$ 25,091 | \$ 4,493 | \$ 1,485 | \$ 37,508 | \$12,576 | \$ — | \$259,290 |
| Long-lived assets | \$390,950 | \$ 6,674 | \$ 23,919 | \$ 1,273 | \$ 17,427 | \$ 251 | \$268,449 | \$22,613 | \$ 53,602 | \$785,158 |

As of and for the Nine Months Ended September 30, 2016

| | United States | Canada | Latin America | Australia | Singapore | New Zealand | India | Europe | Dubai | Total |
|-------------------|---------------|----------|---------------|-----------|-----------|-------------|----------|----------|-----------|-----------|
| External Revenues | \$157,480 | \$ 4,653 | \$ 3,933 | \$ 22,869 | \$ 4,384 | \$ 1,384 | \$10,076 | \$13,469 | \$ — | \$218,248 |
| Long-lived assets | \$384,511 | \$ 6,736 | \$ 7,328 | \$ 1,256 | \$ 17,505 | \$ 228 | \$80,636 | \$23,199 | \$ 54,333 | \$575,732 |

In the geographical information table above the significant changes to long-lived assets from September 30, 2016 to September 30, 2017 were comprised of an increase in Latin America of \$16.6 million primarily due to the November 2016 acquisition of Wdev; an increase in India of \$187.8 million primarily due to \$179.2 million increase associated with the April 2017 acquisition of ItzCash, the September 2017 acquisitions of YouFirst, Paul Merchant, and Wall Street, an increase in deferred tax assets of \$4.2 million associated with the payments and accruals of Minimum Alternative Tax, \$3.0 million of fixed assets additions associated with the continued build out of our product development facilities, and the growth of the Ebix-Vayam JV.

Note 8: Investment in Joint Ventures

Effective April 1, 2017 Ebix entered into a joint venture with India-based Essel Group, while acquiring an 80% stake in ItzCash, India's leading payment solutions exchange. ItzCash is recognized as a leader in the prepaid cards and bill payments space in India. Under the terms of the agreement, ItzCash was valued at a total enterprise value of approximately \$150 million. Accordingly, Ebix acquired an 80% stake in ItzCash for \$120 million including upfront cash of \$76.3 million plus possible future contingent earn-out payments of up to \$44.0 million based on earned revenues over the subsequent thirty-six month period following the effective date of the acquisition. \$4.0 million of the possible future contingent earn-out payments is being held in escrow accounts for the twelve month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual gross revenue threshold, which if not achieved will result in said funds being returned to Ebix. The valuation and purchase price allocation for the ItzCash acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

Effective February 7, 2016 Ebix and Vayam Technologies Ltd ("Vayam") formed a joint venture named Ebix Vayam Limited JV. This joint venture was established to carry out IT projects in the government sector of the country of India and particularly in regards to the implementation of e-governance projects in the areas of education and healthcare. Ebix has a 51% equity interest in the joint venture, and Vayam has a 49% equity interest in the joint venture. Ebix is fully consolidating the operations of the Ebix Vayam Limited JV into the Company's financial statements and separately reporting the Vayam minority, non-controlling, interest in the joint venture's net income and equity.

Effective September 1, 2015 Ebix and IHC formed the joint venture EbixHealth JV (as defined in Note 3). This joint venture was established to promote and market an administrative data exchange for health and pet insurance lines of business nationally. Ebix paid \$6.0 million and contributed a license to use certain CurePet software and systems valued by the EbixHealth JV at \$2.0 million, for its initial 40% membership interest in the EbixHealth JV. IHC contributed all of its shares in its existing third party administrator operations (IHC Health Solutions, Inc.), valued by the EbixHealth JV at \$18.0 million for its 60% membership interest in the EbixHealth JV, and received a special distribution of \$6.0 million. Effective July 1, 2016 Ebix and IHC jointly executed a Call Notice agreement, whereby Ebix purchased additional common units in the EbixHealth JV from IHC constituting eleven percent (11%) of the EbixHealth JV for \$2.0 million cash which resulted in Ebix holding an aggregate fifty-one percent (51%) of the EbixHealth JV. Commensurate with additional equity stake in the joint venture and a new contemporaneous valuation of the business the Company realized a \$1.2 million gain on its previously carried 40% equity interest in the EbixHealth JV. This recognized gain was reflected as a component of other non-operating income in the accompanying Condensed Consolidated Statement of Income. Beginning July 1, 2016 Ebix is fully consolidating the operations of the EbixHealth JV into the Company's financial statements and separately reporting the IHC minority, non-controlling, 49% interest in the joint venture's net income and equity, and thereby reflecting Ebix's net resulting 51% interest in the EbixHealth JV profits or losses. IHC is, also, a customer of the EbixHealth JV, and during the three and nine months ending September 30, 2017 the EbixHealth JV recognized \$3.1 million and \$9.5 million of revenue from IHC, and as of September 30, 2017 IHC had \$918 thousand of accounts receivable with the EbixHealth JV. Furthermore, as a related party, IHC also has been and continues to be a customer of Ebix, and during the three and nine months ending September 30, 2017 the Company recognized \$18 thousand and \$225 thousand of revenue from IHC, and as of September 30, 2017 IHC had \$350 thousand of accounts receivable with Ebix.

Note 9: Capitalized Software Development Costs

In accordance with the relevant FASB accounting literature, the Company had previously capitalized certain software and product related development costs associated with both its continuing medical education service offerings, and the development of a property and casualty underwriting insurance data exchange platform. During the nine months ended September 30, 2017, the Company capitalized \$2.11 million of such development costs. As of September 30, 2017, a total of \$8.7 million of remaining unamortized development costs are reported on the Company’s consolidated balance sheet. During the nine months ended September 30, 2017, the Company recognized \$1.3 million of amortization expense with regards to these capitalized software development costs, which is included in costs of services provided in the Company’s consolidated income statement. The useful life over which these capitalized software development costs are being amortized is five years for both the continuing medical education products, and for the property and casualty underwriting insurance data exchange platform.

Note 10: Other Current Assets

Other current assets at September 30, 2017 and December 31, 2016 consisted of the following:

| | September 30, 2017 | December 31, 2016 |
|--|-------------------------------|------------------------------|
| | (In thousands) | |
| Prepaid expenses | \$ 12,427 | \$ 10,276 |
| Due from prior owners of acquired businesses for working capital settlements | 441 | 916 |
| Research and development tax credits receivable | 404 | 375 |
| Accrued interest receivable | 410 | 372 |
| Tax refunds receivable | 1,754 | — |
| Credit card merchant account balance receivable | 936 | — |
| Other | 159 | 777 |
| Total | <u>\$ 16,531</u> | <u>\$ 12,716</u> |

Note 11: Subsequent Events

Exercise of Credit Agreement Accordion Feature

On November 3, 2017 the Company and certain of its subsidiaries entered into the Fifth Amendment (the “Fifth Amendment”) to the Credit Agreement to exercise \$50 million of its aggregate \$100 million accordion option, increasing the total Term Loan Commitment to \$175 million. \$20 million of the increase was funded on November 3, 2017 and the remaining \$30 million shall be disbursed upon the satisfaction of certain closing requirements set forth in the Fifth Amendment. Both such disbursements are tied to permitted acquisitions as set forth in the Fifth Amendment.

Acquisitions and Joint Ventures

On November 7, 2017 the acquisition of the MTSS Business of PML was completed following the securing of the requisite approval of shareholders and other regulatory/commercial agencies. The acquisition was previously announced in September 2017.

On October 31, 2017 the Company announced that one of its Singapore subsidiaries has entered into an agreement to acquire Via.com, an Omni-channel online travel and assisted e-commerce exchange. The acquisition of Via expands on the Company’s distribution network in the South East of Asia, besides offering significant cross selling opportunities for the Company’s

EbixCash Financial Exchange portfolio of products. Under the terms of the agreement, Via was valued at a total enterprise value of approximately \$74.9 million.

On October 26, 2017 the Company announced that they have signed a memorandum of understanding to form a joint venture, to set up a pioneering insurance distribution network in India. The joint venture between BSE Investments Limited ("BIL"), a wholly owned subsidiary of BSE and Ebix Fincorp Exchange Pte Ltd, a wholly owned subsidiary of Ebix was formed with the goal of revolutionizing end-to-end sales and processing of Insurance in India. The new venture to be branded as BSE-Ebix intends to deploy an insurance distribution exchange platform, that will allow distribution outlets, stock brokers, wealth management advisors and financial institutions etc. across the length and breadth of the country to sell life and non-life products.

On October 6, 2017 the acquisition of the MTSS Business of WSFIN along with the acquisition of its subsidiary company Goldman Securities Limited, was completed with the necessary shareholder and other requisite approvals being secured. The acquisition was previously announced in August 2017.

On October 3, 2017 the acquisition of the MTSS Business of YouFirst was funded following the securing of the requisite approvals for the closing. The acquisition was agreed previously to on August 18, 2017 and made effective September 1, 2017.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used herein, the terms "Ebix," "the Company," "we," "our" and "us" refer to Ebix, Inc., a Delaware corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Ebix, Inc.

Safe Harbor for Forward-Looking Statements—This Form 10-Q and certain information incorporated herein by reference contains forward-looking statements and information within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of the Company's products by the market, and management's plans and objectives. In addition, certain statements included in this and our future filings with the SEC, in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "seeks," "plan," "project," "continue," "predict," "will," and other words or expressions of similar meaning are intended by the Company to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in Part I, Item 1A, "Risk Factors" in our Form 10-K for the year ended December 31, 2016 which is incorporated by reference herein and identified, and in Part II, Item 1A "Risk Factors" in this Form 10-Q, as well as: the willingness of independent insurance agencies to outsource their computer and other processing needs to third parties; pricing and other competitive pressures and the Company's ability to gain or maintain share of sales as a result of actions by competitors and others; changes in estimates in critical accounting judgments; changes in or failure to comply with laws and regulations, including accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax interpretations) in domestic or foreign jurisdictions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries (particularly in Australia, Asia, Latin America, and Europe wherein we have significant and/or growing operations); fluctuations in the equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; and international conflict, including terrorist acts. The Company undertakes no obligation to update any such factors, or to publicly announce the results of, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

Other important factors that could cause actual results to differ materially from those in our specific forward-looking statements included in this Form 10-Q include, but are not limited to, the following:

- Our ability to efficiently and effectively integrate acquired business operations, as discussed in Note 3 of the Condensed Notes to the Condensed Consolidated Financial Statements pertaining to the business acquisitions we have made;
- Note 4 of the Notes to the Condensed Consolidated Financial Statements, "Debt with Commercial Bank" and our future liquidity needs discussed under "Liquidity and Financial Condition" regarding our ability to generate cash from operating activities and any declines in our credit ratings or financial condition which could restrict our access to the capital markets or materially increase our financing costs;
- Note 5 of the Notes to the Condensed Consolidated Financial Statements, "Commitments and Contingencies", and "Contractual Obligations and Commercial Commitments" in Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") regarding uncertainties pertaining to the actual ultimate cost of our legal contingencies;
- MD&A and the analysis of the three and nine month revenue trends regarding actual realized level of demand for our products during the immediately foreseeable future, and fluctuations thereof.

Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including future reports on Forms 10-Q and 8-K, and any amendments thereto. You may obtain our SEC filings at our website, www.ebix.com under the "Investor Information" section, or over the Internet at the SEC's website, www.sec.gov.

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and MD&A contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Company Overview

Ebix, Inc. is a global supplier of software and e-commerce solutions to the insurance, financial, and healthcare industries, e-governance solutions to governmental agencies in the health and education sectors, as well as remittance and related services in our financial exchange. Ebix provides a variety of application software products for the insurance industry including carrier systems, broker systems, agency systems and data exchanges to custom software development for all entities involved in insurance and financial services. Our goal is to be the leading provider of back-end insurance transaction processing in the world. The Company's vision is to focus on the convergence of technology platforms for all insurance channels, processes and entities in a manner such that data seamlessly flows once a data entry has been made. Our customers include many of the top insurance sector companies in the world.

The insurance industry continues to undergo significant consolidation driven by the need for, and benefits from, economies of scale and scope in providing insurance services in a competitive environment. Such consolidation has involved both insurance carriers and insurance brokers and is directly impacting the manner in which insurance products are distributed. In particular the insurance industry has continued to experience an increase in initiatives designed to reduce paper-based processes and to improve efficiency both at the back-end and consumer-end sides. Management believes the insurance industry will continue to experience significant change and increased efficiencies through online exchanges. Changes in the insurance industry are expected to create new opportunities for the Company.

Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, applications software, and Web and application hosting to meet the individual needs of insurance providers and related entities. We intend to continue to expand both organically and through strategic business acquisitions.

Offices and Geographic Information

The Company has its worldwide headquarters in Johns Creek, Georgia with its international operations being managed from its Singapore offices, and it also has domestic operations in Santa Barbara, Pasadena and Hemet, California; Miami, Florida; Pittsburgh, Pennsylvania; Salt Lake City, Utah; Grove City, Ohio; Bohemia, New York; Norwalk and New Britain, Connecticut; Portland, Michigan; Birmingham, Alabama; Iselin, New Jersey as well as an additional operations office in Johns Creek, Georgia. The Company also has multiple operating facilities and offices in Australia, Brazil, Thailand, New Zealand, the United Kingdom, Canada, Singapore, Dubai, and India. In these operating offices, Ebix employs insurance and technology professionals who provide products, services, support and consultancy to thousands of customers across six continents.

Results of Operations — Three Months Ended September 30, 2017 and 2016

Operating Revenue

The Company derives its revenues primarily from subscription and transaction fees pertaining to services delivered over our exchanges or from our ASP platforms, fees for business process outsourcing services, and fees for software development projects including associated fees for consulting, implementation, training, and project management provided to customers with installed systems, e-governance solutions to governmental agencies in the health and education sectors, as well as remittance and related services from our new financial exchange. International revenue accounted for 43.3% and 27.2% of the Company's total revenue for the three months ended September 30, 2017 and 2016, respectively.

Ebix's revenue streams come from four product/service channels. Presented in the table below is the breakout of our revenues for each of those product/service channels for the three and nine month periods ended September 30, 2017 and 2016.

| <i>(dollar amounts in thousands)</i> | Three Months Ended | | Nine Months Ended | |
|--------------------------------------|---------------------------|------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Exchanges | \$ 64,130 | \$ 52,016 | \$ 177,117 | \$ 151,424 |
| Broker Systems | 3,715 | 3,557 | 11,098 | 10,654 |
| RCS | 24,265 | 18,076 | 68,780 | 53,489 |
| Carrier Systems | 690 | 959 | 2,295 | 2,681 |
| Totals | \$ 92,800 | \$ 74,608 | \$ 259,290 | \$ 218,248 |

During the three months ended September 30, 2017 our total operating revenues increased \$18.2 million or 24%, to \$92.8 million as compared to \$74.6 million during the third quarter of 2016. The year-over-year revenues primarily increased as a result of revenue growth from P&C, Life exchange, Underwriting exchange, CRM, RCS, Financial Exchanges in addition to revenue growth generated from the Company's acquisitions of WDEV, YouFirst and ItzCash, and the new e-governance contracts in India offset by declines in the areas of health e-commerce, annuities and health content.

With respect to business acquisitions completed during the years 2017 and 2016 on a pro forma basis, as disclosed in the table in Note 3 "Business Combinations" pertaining to pro forma financial information to the enclosed Condensed Consolidated Financial Statements, combined revenues increased \$5.0 million or 5.6% for the three months ending September 30, 2017 versus the same period in 2016, whereas correspondingly, the reported revenue for the three months ended September 30, 2017 increased by \$18.2 million or 24% from the reported revenue during the same period in 2016. The 2017 and 2016 pro forma financial information assumes that all business acquisitions made during this period were made on January 1, 2016, whereas the Company's reported financial statements for Q3 2017 and Q3 2016 only includes the revenues from these businesses since the effective date that they were acquired or consolidated by Ebix, being July 2016 for the EbixHealth JV, November 2016 for Wdev and Hope, April 2017 for ItzCash, June 2017 for beBetter, and September 2017 for YouFirst. The 2016 pro forma financial information includes a full three months of results for Wdev, Hope, the EbixHealth JV, ItzCash and beBetter as if they had been acquired or consolidated on January 1, 2016,

The above referenced pro forma information and the relative comparative change in pro forma and reported revenues are based on the following premises:

- 2017 and 2016 pro forma revenue contains actual revenue of the acquired entities before acquisition date, as reported by the sellers, as well as actual revenue of the acquired entities after acquisition, whereas the reported growth in revenues of the acquired entities after acquisition date are only reflected for the period after their acquisition.
- Revenue billed to existing clients from the cross selling of acquired products has been assigned to the acquired section of our business.
- Any existing products sold to new customers obtained through a newly acquired customer base, are assigned to the acquired section of our business.
- Pro formas do not include post acquisition revenue reductions as a result of discontinuation of any product lines and/or customer projects by Ebix in line with the Company initiatives to maximize profitability.

Cost of Services Provided

Costs of services provided, which includes costs associated with maintenance, customer support, call center, consulting, implementation and training services, increased \$12.5 million or 56%, to \$34.9 million in the third quarter of 2017 as compared to \$22.4 million in the third quarter of 2016. This increase is primarily due to costs associated with fully consolidating ItzCash and Wdev, and increased costs associated with supporting the increased revenue streams from new e-governance service contracts executed within the Ebix Vayam Limited JV.

Product Development Expenses

The Company's product development efforts are focused on the development of new processing technologies, software, systems and related services for use by healthcare professionals, consumers, insurance carriers, brokers and agents, and the development of new data exchanges for use in the domestic and international insurance markets. Product development expenses remained relatively flat at \$8.5 million during the third quarter of 2017 as compared to \$8.6 million during the third quarter of 2016.

Sales and Marketing Expenses

Sales and marketing expenses decreased \$630 thousand or 14%, to \$3.83 million in the third quarter of 2017 as compared to \$4.46 million in the third quarter of 2016 primarily due to a decrease in commissions expense.

General and Administrative Expenses

Reported general and administrative expenses increased \$2.7 million or 23% to \$14.9 million in the third quarter of 2017 as compared to \$12.1 million in the third quarter of 2016 primarily due to costs associated with fully consolidating ItzCash and Wdev, a \$1.2 million reduction to contingent earn out liabilities resulting from the remeasurements of and adjustments to the contingent earn out liabilities associated with the acquisitions of Via Media (March 2015), and PB Systems (June 2015) in the third quarter of 2016, and increased bonus expense of \$535 thousand in Q3 2017.

Amortization and Depreciation Expenses

Amortization and depreciation expenses decreased \$29 thousand or 1% to \$2.71 million in the third quarter of 2017 as compared to \$2.74 million in the third quarter of 2016.

Interest Income

Interest income decreased \$260 thousand or 41% to \$375 thousand in the third quarter of 2017 as compared to \$635 thousand in the third quarter of 2016 primarily due to a reduction in average cash balances in interest bearing accounts.

Interest Expense

Interest expense increased \$1.6 million or 85%, to \$3.6 million in the third quarter of 2017 as compared to \$1.9 million in the third quarter of 2016. Interest expense increased primarily due to the increase in the average outstanding balance on our commercial banking credit facilities, which increased 36% to \$331.7 million during Q3 2017 from \$244.5 million during Q3 of 2016, as well as an increase in the underlying interest rate which increased to 4.0% for Q3 2017 versus 2.8% for Q3 2016.

Foreign Currency Exchange Gain (Loss)

Net foreign currency exchange losses for the three months ended September 30, 2017 in the amount of \$400 thousand consists of \$178 thousand of gains realized upon the settlement of receivables or payables and remeasurement of cash balances denominated in currencies other than the functional currency of the respective operating division recording the instrument, and \$578 thousand of unrealized losses pertaining to the remeasurement of outstanding receivables or payables denominated in currencies other than the functional currency of the respective operating division recording the instrument.

Income Taxes

The Company recorded income tax benefit of \$204 thousand (-0.84%) during the three months ended September 30, 2017 which included discrete items for additions to the reserve for uncertain tax positions offset by the release of valuation allowances of operating loss carryforwards pertaining to our UK operations. The income tax benefit exclusive of discrete items for the three months ended September 30, 2017 is \$258 thousand ((1.1)%). Our tax expense and effective tax rate decreased year over year,

exclusive of discrete charges, due to favorable changes in the proportion of our taxable income in certain foreign jurisdictions relative to total pre-tax income. The Company expects its full year tax rate before discrete items to be approximately 0.72%.

The Company's effective tax rate reflects the benefits of having significant operations outside the United States, which are generally taxed at rates lower than the US statutory rate of 35% and where the Company enjoys a tax holiday in India. During 2015, the Company secured an additional tax holiday in India until the year 2020 to support certain portions of its expanding operations there. The Company, also, had income during the quarter ended September 30, 2017 in the United Kingdom, Dubai, and Sweden, where the statutory tax rates are lower than the US rate of 35%.

Results of Operations - Nine Months Ended September 30, 2017 and 2016

Operating Revenue

During the nine months ended September 30, 2017 our total operating revenues increased 41.0 million or 19%, to \$259.3 million as compared to \$218.2 million during the same period in 2016. The year-over-year revenues primarily increased as a result of revenue growth from P&C, Life exchange, Underwriting exchange, Health Ecommerce exchange, CRM, RCS, Financial Exchanges in addition to revenue growth generated from the Company's acquisitions of WDEV, YouFirst and ItzCash, and the new e-governance contracts in India offset by declines in the areas of health e-commerce, reinsurance, annuities and health content. International revenue accounted for 39.2% and 27.8% of the Company's total revenue for the nine months ended September 30, 2017 and 2016, respectively.

With respect to business acquisitions completed during the years 2017 and 2016 on a pro forma basis, as disclosed in the table in Note 3 "Business Combinations" pertaining to pro forma financial information to the enclosed Condensed Consolidated Financial Statements, combined revenues increased \$7.8 million or 2.9% for nine months ended September 30, 2017 versus the same nine month period in 2016, whereas correspondingly the reported revenue for the nine month ended September 30, 2017 increased by \$41.0 million or 19% from the reported revenue during the same period in 2016. The 2017 and 2016 pro forma financial information assumes that all business acquisitions made during this period were made on January 1, 2016, whereas the Company's reported financial statements for the nine months period ended September 30, 2017 and 2016 only includes the revenues from these businesses since the effective date that they were acquired or consolidated by Ebix, being July 2016 for the EbixHealth JV, November 2016 for Wdev, November 2016 for Hope, April 2017 for Itzcash, June 2017 for beBetter and September 2017 for YouFirst. The 2016 pro forma financial information includes a full nine months of results for Wdev, Hope, the EbixHealth JV, Itzcash, beBetter and YouFirst as if they had been acquired or consolidated on January 1, 2016,

The above referenced pro forma information and the relative comparative change in pro forma and reported revenues are based on the following premises:

- 2017 and 2016 pro forma revenue contains actual revenue of the acquired entities before acquisition date, as reported by the sellers, as well as actual revenue of the acquired entities after acquisition, whereas the reported growth in revenues of the acquired entities after acquisition date are only reflected for the period after their acquisition.
- Revenue billed to existing clients from the cross selling of acquired products has been assigned to the acquired section of our business.
- Any existing products sold to new customers obtained through a newly acquired customer base, are assigned to the acquired section of our business.
- Pro formas do not include post acquisition revenue reductions as a result of discontinuation of any product lines and/or customer projects by Ebix in line with the Company initiatives to maximize profitability.

Cost of Services Provided

Costs of services provided increased \$28.5 million or 45%, to \$91.1 million in the the nine months ended September 30, 2017 as compared to \$62.6 million during the same period of 2016. This increase is primarily due to costs associated with fully consolidating ItzCash, Wdev, Hope, the EbixHealth JV, Ebix Vayam Limited JV, and YouFirst, and increased costs associated with supporting the increased revenue streams from new e-governance service contracts executed within the Ebix Vayam Limited JV, partially offset by \$4.4 million of reductions in Ebix's pre-existing core internal personnel costs.

Product Development Expenses

Product development expenses increased \$390 thousand or 2%, to \$25.3 million for the nine months ended September 30, 2017 as compared to \$24.9 million during the same period of 2016. This increase is attributable to additional personnel costs for our continued growing employee base for our expanded product development facilities in India.

Sales and Marketing Expenses

Sales and marketing decreased to \$12.3 million or 5% in the nine months ended September 30, 2017 as compared to \$13.0 million during the same period of 2016 due mainly to a reduction in personnel costs in our Singapore operations.

General and Administrative Expenses

General and administrative expenses increased by \$5.1 million or 14%, to \$42.2 million in the nine months ended September 30, 2017 as compared to \$37.0 million during the same period of 2016. This increase is primarily due to costs associated with fully consolidating ItzCash (April 2017), Wdev (November 2016), and the EbixHealth JV (July 2016). Also, impacting reported general and administrative expenses was a net \$1.8 million reduction to contingent earn out liabilities in 2016 resulting from the remeasurements of and adjustments to the contingent earn out liabilities associated with the acquisitions of Vertex (October 2014), Via Media (March 2015), and PB Systems (June 2015) for which the liabilities were reduced by \$720 thousand, \$1.5 million, and \$326 thousand respectively and Qatarlyst (April 2013) for which the liability was increased by \$780 thousand. \$326 thousand of the PB Systems earn out liability reduction was recorded as a reduction to general and administrative expenses, and \$664 thousand recorded as a reduction to goodwill based on the facts that were available at the time the business acquisition was consummated.

Amortization and Depreciation Expenses

Amortization and depreciation expenses increased \$235 thousand or 3% to \$8.3 million in the nine months ended September 30, 2017 as compared to \$8.1 million during the same period of 2016, primarily due to additional depreciation and amortization associated with consolidating Wdev, the EbixHealth JV and our expanding product development facilities in India.

Interest Income

Interest income increased 32% to \$1.6 million in the nine months ended September 30, 2017 as compared to \$1.2 million during the same period of 2016, due to a 40% increase in average cash and cash equivalents and short-term investment balances held during nine months ending September 30, 2017 versus the same nine month period in 2016 which increased to \$106.1 million from \$76.0 million.

Interest Expense

Interest expense increased \$3.7 million or 68% to \$9.0 million in the nine months ended September 30, 2017 as compared to \$5.4 million during the same period of 2016. Interest expense increased due to the increase in the average outstanding balance on our commercial banking credit facilities, which increased 35% to \$307.1 million during nine months ending September 30, 2017 from \$227.3 million for the same nine month period in 2016, as well as an increase in the underlying interest rate which increased to an average of 3.6% during nine months ending September 30, 2017 versus 2.8% for the same nine month period in 2016.

Foreign Currency Exchange Gain

Net foreign currency exchange gains for the nine months ended September 30, 2017 in the amount of \$2.7 million of gains consists of \$3.1 million of gains realized upon the settlement of receivables or payables and remeasurement of cash balances denominated in currencies other than the functional currency of the respective operating division recording the instrument, and \$432 thousand of unrealized losses pertaining to the remeasurement of outstanding receivables or payables denominated in currencies other than the functional currency of the respective operating division recording the instrument.

Income Taxes

The Company recorded income tax expense of \$363 thousand 0.48% during the nine months ended September 30, 2017 which included discrete items for additions to the reserve for uncertain tax positions offset by the release of valuation allowances of operating loss carryforwards pertaining to our UK operations. The income tax expense exclusive of discrete items for the nine months ended September 30, 2017 is \$532 thousand (0.71%). Our tax expense and effective tax rate decreased year over year, exclusive of discrete charges, due to favorable changes in the proportion of our taxable income in certain foreign jurisdictions relative to total pre-tax income. The Company expects its full year tax rate before discrete items to be approximately 0.72%.

The Company's effective tax rate reflects the benefits of having significant operations outside the United States, which are generally taxed at rates lower than the US statutory rate of 35% and where the Company enjoys a tax holiday in India. During 2015, the Company secured an additional tax holiday in India until the year 2020 to support certain portions of its expanding

operations there. The Company, also, had income during the quarter ended September 30, 2017 in the United Kingdom, Dubai, and Sweden, where the statutory tax rates are lower than the US rate of 35%.

Liquidity and Capital Resources

The Company's ability to generate significant cash flows from ongoing operating activities is one of its fundamental financial strengths. Our principal sources of liquidity are the cash flows provided by the Company's operating activities, the Company's commercial banking credit facility, and cash and cash equivalents on hand. Due to the effect of temporary or timing differences resulting from the differing treatment of items for tax and accounting purposes (including the treatment of net operating loss carryforwards and minimum alternative tax obligations in the U.S., Great Britain, and India), future cash outlays for income taxes are expected to exceed income tax expense. We intend to utilize cash flows generated by our operations, in combination with our commercial bank credit facility, and the possible issuance of additional equity or debt securities, to fund capital expenditures and organic growth initiatives, to make strategic and accretive business acquisitions in the insurance services sector, and to re-purchase shares of our common stock as market conditions warrant.

We believe that anticipated cash flows provided by our operating activities, together with current cash and cash equivalent balances, access to our credit facilities, and access to the capital markets, if required and available, will be sufficient to meet our projected cash requirements for the foreseeable future, although any projections of future cash needs, cash flows, and the condition of the capital markets in general, as to the availability of debt and equity financing, are subject to substantial uncertainty.

Our cash and cash equivalents were \$96.7 million and \$114.1 million at September 30, 2017 and December 31, 2016, respectively. The \$11.2 million of restricted cash on the condensed consolidated balance sheet as of September 30, 2017 consists of the ItzCash acquisition \$4.0 million of the possible future contingent earn-out payments being held in escrow accounts for the twelve month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual gross revenue threshold, which if not achieved will result in said funds being returned to Ebix. Also, as part of the announced acquisition of the MTSS Business of Wall Street Finance Limited along with the acquisition of its subsidiary company Goldman Securities Limited, \$7.25 million is being held in an escrow account to fund the acquisition once the shareholder approvals and other requisite approvals are secured. The \$8.0 million of restricted fiduciary funds is associated with the EbixHealth JV and pertains to un-remitted insurance premiums and claim funds established for the benefit of various carriers which are held in a fiduciary capacity until disbursed.

The free flow of cash from certain countries where we hold significant cash balances may be subject to repatriation tax effects and other restrictions. Specifically the repatriation of earnings from some of our foreign subsidiaries could result in the application of withholding taxes at that foreign source as well as a tax at the U.S. parent level upon receipt of repatriated amounts. The approximate cash, cash equivalents, and short-term investments balances held in our domestic U.S. operations and each of our foreign subsidiaries as of November 6, 2017 are presented in the table below (figures denominated in thousands):

| Country/Region | Cash and ST investments |
|----------------|----------------------------|
| United States | \$ 6,364 |
| Canada | 3,247 |
| Latin America | 1,184 |
| Australia | 1,852 |
| Singapore | 475 |
| New Zealand | 536 |
| India | 11,426 |
| Europe | 506 |
| Mauritius | 73,704 |
| Dubai | 2,268 |
| Sweden | — |
| Total | \$ 101,562 |

Our current ratio decreased to 1.62 at September 30, 2017 from 2.31 at December 31, 2016 and accordingly our working capital position decreased to \$92.0 million at September 30, 2017 from \$117.3 million at the end of 2016. Our short-term liquidity has decreased due to a combined decrease in cash, cash equivalents, short-term investments, and restricted cash, plus an increase

in accounts payable and accrued liabilities, and acquisition obligations. These are partially offset by increased outstanding trade accounts receivables and additional prepaid expense assets. The Company's days sales outstanding in accounts receivable ("DSO") was 99 days at September 30, 2017 up 30 days from 69 days at December 31, 2016. The increase is primarily due to contracts in Brazil, the US and India that have longer payment terms.

We believe that Ebix's ability to generate sustainable and robust cash flows from operations will enable the Company to continue to fund its current liabilities from current assets including available cash balances for the foreseeable future.

Business Combinations

The Company seeks to execute accretive business acquisitions in combination with organic growth initiatives as part of its comprehensive business growth and expansion strategy. The Company looks to acquire businesses that are complementary to Ebix's existing products and services.

During the nine months ended September 30, 2017, the Company completed three business acquisitions, as follows:

Effective September 1, 2017 Ebix entered into an agreement to acquire MTSS of YouFirst for upfront cash consideration in the amount \$8.0 million. The acquisition was funded in October following YouFirst securing the requisite approvals for the closing. The valuation and purchase price allocation for the YouFirst acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

Effective June 1, 2017 Ebix acquired the assets of beBetter, a technology enabled corporate wellness provider that provides end-to-end wellness solutions offering a variety of tools and programs, including interactive platforms, health screening, coaching, tobacco cessation, weight and stress management, health information, and numerous other products and services. Ebix acquired the assets and intellectual property of beBetter for \$1.0 million plus possible future contingent earn-out payments of up to \$2.0 million based on earned revenues over the subsequent twenty-four month period following the effective date of the acquisition. The valuation and purchase price allocation for the beBetter acquisition remains preliminary and will be finalized prior to December 31, 2017.

Effective April 1, 2017 Ebix entered into a joint venture with India-based Essel Group, while acquiring an 80% stake in ItzCash, India's leading payment solutions Exchange. ItzCash is recognized as a leader in the prepaid cards and bill payments space in India. Under the terms of the agreement, ItzCash was valued at a total enterprise value of approximately \$150 million. Accordingly, Ebix acquired an 80% stake in ItzCash for \$120 million including upfront cash of \$76.3 million plus possible future contingent earn-out payments of up to \$44.0 million based on earned revenues over the subsequent thirty-six month period following the effective date of the acquisition. \$4.0 million of the possible future contingent earn-out payments is being held in escrow accounts for the twelve month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual gross revenue threshold, which if not achieved will result in said funds being returned to Ebix. The valuation and purchase price allocation for the ItzCash acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

In addition to the acquisitions that closed during the nine months ended September 30, 2017, On August 17, 2017 the Company announced the acquisition of the MTSS Business of WFSIN along with the acquisition of its subsidiary company Goldman Securities Limited, pending shareholder and other requisite approvals being secured, for upfront cash consideration of \$7.25 million, for which an escrow agreement was put in place. The funds were released to the seller in October, following WFSIN securing the requisite approvals for the closing. Additionally, the Company announced the acquisition of the MTSS Business of PML on September 21, 2017, pending shareholder and other regulatory/commercial approvals, for upfront cash consideration of \$36.6 million, for which an escrow agreement was put in place. The completion of the acquisition occurred November 7, 2017. As a result of the escrow agreements being signed the Company recorded a liability which is reported in the "Acquisition Obligations" line in the short term liability section of the condensed consolidated balance sheets and an asset which is reported in the "Other Assets" line in the long term asset section of the condensed consolidated balance sheets.

During the year ended December 31, 2016, the Company completed three business acquisitions, as follows:

Effective November 1, 2016 Ebix acquired Wdev, a Brazilian company that provides IT services and software development for the Latin American insurance industry. Ebix acquired Wdev for upfront cash consideration in the amount of \$10.5 million, plus possible future contingent earn-out payments of up to \$15.7 million based on earned revenues over the subsequent thirty-eight month period following the effective date of the acquisition. \$2.9 million of the upfront cash consideration is being held in an escrow account for the thirty-eight month period following the effective date of the acquisition to ensure that the acquired business achieves the minimum specified annual net revenue threshold, which if not achieved will result in said funds being

returned to Ebix. The valuation and purchase price allocation for the Wdev acquisition remains preliminary and will be finalized as soon as practicable but in no event longer than one year.

Effective November 1, 2016 Ebix acquired the assets of Hope, a Michigan corporation and publisher of health and wellness continuing education products. Ebix acquired the assets and intellectual property of Hope for \$1.72 million.

Effective July 1, 2016 Ebix and Independence Holdings Corporation ("IHC") jointly executed a Call Notice agreement, whereby Ebix purchased additional common units in Ebix Health Exchange Holdings, LLC ("EbixHealth JV") from IHC constituting eleven percent (11%) of the EbixHealth JV for \$2.0 million cash which resulted in Ebix holding an aggregate fifty-one percent (51%) controlling equity interest in the EbixHealth JV. Commensurate with additional equity stake in the joint venture a contemporaneous valuation of the business was completed. In accordance with the technical accounting guidance pertaining to step acquisitions the Company recorded goodwill in the amount of \$13.2 million, intangible assets in the amount of \$9.1 million, a non-controlling interest in the amount of \$11.3 million, and recognized a \$1.2 million gain on its previously carried 40% equity interest in the EbixHealth JV. This recognized gain is reflected as a component of other non-operating income in the accompanying Condensed Consolidated Statement of Income. Previously, effective September 1, 2015 Ebix and IHC formed a joint venture named EbixHealth JV. Ebix paid \$6.0 million and contributed a license to use certain CurePet software and systems valued by the EbixHealth JV at \$2.0 million, for its initial 40% membership interest in the EbixHealth JV.

A significant component of the purchase price consideration for many of the Company's business acquisitions is a potential subsequent cash earnout based on reaching certain specified future revenue targets. The terms for the contingent earn out payments in most of the Company's business acquisitions typically address the GAAP recognizable revenues achieved by the acquired entity over a one, two, and/or three year period subsequent to the effective date of their acquisition by Ebix. These terms typically establish a minimum threshold revenue target with achievement of revenues recognized over that target being awarded in the form of a specified earn out payment. The Company applies these terms in its calculation and determination of the fair value of contingent earn out liabilities for purchased businesses as part of the related valuation and purchase price allocation exercise for the corresponding acquired assets and liabilities. The Company recognizes these potential obligations as contingent liabilities. These contingent consideration liabilities are recorded at fair value on the acquisition date and are re-measured quarterly based on the then-assessed fair value and adjusted if necessary. As of September 30, 2017, the total of these contingent liabilities was \$39.18 million, of which \$33.26 million is reported in long-term liabilities, and \$5.92 million is included in current liabilities in the Company's Condensed Consolidated Balance Sheet. As of December 31, 2016 the total of these contingent liabilities was \$8.51 million, of which \$6.59 million was reported in long-term liabilities, and \$1.92 million was included in current liabilities in the Company's Condensed Consolidated Balance Sheet. During 2016 the cited contingent earn out liabilities were adjusted because of changes to anticipated future revenues from these acquired businesses.

Operating Activities

Net cash provided by our operating activities was \$50.1 million for the nine months ended September 30, 2017. The primary components of the cash provided by our operating activities during the nine month period consisted of net income of \$74.0 million, net of \$432 thousand of unrealized foreign currency exchange gains, \$8.3 million of depreciation and amortization, \$1.0 million of net income attributable to a non-controlling interest, \$2.0 million of non-cash share-based compensation, and \$1.3 million of amortization of capitalized software development costs. Partially offsetting this net cash inflow was \$(35.9) million of working capital requirements primarily due to increased outstanding trade accounts receivable combined with a reduction in accounts payable and accrued operating and payroll expenses. During the nine months ended September 30, 2017 the Company made \$8.5 million of tax payments including \$4.9 million of minimum alternative tax payments in India, which is a component of net deferred tax assets on the Company's Condensed Consolidated Balance Sheets.

Net cash provided by our operating activities was \$53.1 million for the nine months ended September 30, 2016. The primary components of the cash provided by our operating activities during the nine month period consisted of net income of \$69.2 million, net of \$(328) thousand of unrealized foreign currency exchange gains, \$8.1 million of depreciation and amortization, \$133 thousand of net income attributable to a non-controlling interest, \$2.1 million of non-cash share-based compensation, \$(1.7) million of reductions to acquisition related contingent earn out liabilities, \$1.0 million of amortization of capitalized software development costs, and the \$(1.2) million gain on carrying value of investment in joint venture. Partially offsetting this net cash inflow was \$(24.3) million of working capital requirements primarily due to increased outstanding trade accounts receivable combined with a reduction in accounts payable and accrued operating and payroll expenses. During the nine months ended September 30, 2016 the Company made \$14.1 million of tax payments including \$8.3 million of minimum alternative tax payments in India, which is a component of net deferred tax assets on the Company's Condensed Consolidated Balance Sheets.

Investing Activities

Net cash used for investing activities during the nine months ended September 30, 2017 was \$85.2 million, and consisted of \$1.0 million used for the acquisition of beBetter, \$70.2 million for the acquisition of ItzCash (net of cash acquired), \$1.8 million for the acquisition of YouFirst (net of cash acquired), \$4.0 million to fund an escrow account for possible future contingent earn-out payments, \$7.25 million to fund an escrow account for an acquisition pending shareholder approval, \$2.0 million for the expansion of our product development facilities in India, \$3.9 million for the continued build out of our global corporate headquarters campus in Johns Creek, Georgia, \$2.1 million for software development costs that were capitalized, and partially offset by \$7.5 million for the net maturities of marketable securities (specifically bank certificates of deposit).

Net cash used for investing activities during the nine months ended September 30, 2016 was \$7.2 million, of which \$2.5 million was used for the expansion of our product development facilities in India, \$1.1 million was used for the continued build out of our global corporate headquarters campus in Johns Creek, Georgia, \$664 thousand was used to purchase equipment to support certain of our data exchange facilities within our foreign operations, \$1.0 million was used for software development costs that were capitalized, \$1.1 million was used for the purchase of marketable securities (specifically bank certificates of deposit), and \$696 thousand was used to make the 11% additional controlling equity investment in the EbixHealth JV (net of \$1.3 million of cash acquired).

Financing Activities

During the nine months ended September 30, 2017 net cash provided by financing activities was \$17.4 million which consisted of \$80.0 million provided by the Company's revolving credit facility with Regions. Partially offsetting this cash inflow was \$45.7 million used to repurchase shares of our common stock, \$7.2 million was used to pay quarterly dividends to our common stockholders, and \$9.38 million was used to make the scheduled payments against the existing term loan with Regions.

During the nine months ended September 30, 2016 net cash used by financing activities was \$2.5 million which consisted of \$43.8 million used to repurchase 1.12 million shares of our common stock, \$7.4 million was used to pay quarterly dividends to our common stockholders, \$3.13 million was used to make the scheduled payments against the existing term loan with Regions, and \$600 thousand was used to service other debt obligations. Significantly offsetting these cash outflows was \$52.6 million of net cash inflow provided from the refinancing and borrowing from the recently amended and expanded syndicated credit facility with Regions Bank.

Commercial Bank Financing Facility

On June 17, 2016, the Company and certain of its subsidiaries entered into the Second Amendment to the Regions Secured Credit Facility, dated August 5, 2014, among the Company, Regions, Regions Capital Markets, PNC Capital Markets, LLC, and TD Securities (USA) as joint Lead Arrangers for the syndicate of lenders (the "Regions Secured Credit Facility"). The Second Amendment increases the total credit facility to \$400 million from the prior amount of \$240 million, and expands the syndicated bank group to eleven participants by adding seven new participants which include PNC Bank, National Association BMO Harris Bank N.A., Key Bank National Association, HSBC Bank National, Cadence Bank, the Toronto-Dominion Bank (New York Branch), and Trustmark National Bank. The Regions Secured Credit Facility now consists of a five-year revolving credit component in the amount of \$275 million, and a five-year term loan component in the amount of \$125 million, with repayments in the amount \$3.125 million due each quarter, starting September 30, 2016. The Regions Secured Credit Facility also contains an accordion feature, which if exercised and approved by all credit parties, would expand the total borrowing capacity under the syndicated credit facility to \$500 million. The credit facility carries a leverage-based LIBOR related interest rate, which currently stands at approximately 4.00%.

At September 30, 2017 the Company's consolidated balance sheet includes \$2.7 million of remaining deferred financing costs in connection with this credit facility, which are being amortized as a component of interest expense over the five-year term of the financing agreement. In regards to these deferred financing costs, \$2.2 million pertains to the revolving line of credit component of the Regions Secured Credit Facility, and \$503 thousand pertains to the term loan component of the Regions Secured Credit Facility of which \$136 thousand is netted against the current portion and \$367 thousand is netted against the long-term portions of the term loan as reported on the Condensed Consolidated Balance.

At September 30, 2017, the outstanding balance on the revolving line of credit under the Regions Secured Credit Facility

was \$234.0 million and the facility carried an interest rate of 4.00%. During the nine months ended September 30, 2017, \$80.0 million of draws were made off of the revolving credit facility. The revolving line of credit balance is included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During the nine months period ended September 30, 2017, the average and maximum outstanding balances of the revolving line of credit component of the credit facility were \$191.5 million and \$234.0 million, respectively.

At September 30, 2017, the outstanding balance on the term loan was \$109.4 million of which \$12.5 million is due within the next twelve months. This term loan also carried an interest rate of 4.00%. The current and long-term portions of the term loan are included in the respective current and long-term sections of the Condensed Consolidated Balance Sheets, the amounts of which were \$12.5 million and \$96.9 million respectively at September 30, 2017.

Off-Balance Sheet Arrangements

We do not engage in off balance sheet financing arrangements.

Recent Accounting Pronouncements

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the condensed notes to the Condensed Consolidated Financial Statements in this Form 10-Q and Note 1 of the notes to consolidated financial statements in our 2016 Form 10-K.

Application of Critical Accounting Policies

The preparation of financial statements in conformity GAAP, as promulgated in the United States, requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures in our Condensed Consolidated Financial Statements and accompanying notes. We believe the most complex and sensitive judgments, because of their significance to the Condensed Consolidated Financial Statements, result primarily from the need to make estimates and assumptions about the effects of matters that are inherently uncertain. The following accounting policies involve the use of “critical accounting estimates” because they are particularly dependent on estimates and assumptions made by management about matters that are uncertain at the time the accounting estimates are made. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, and changes in the accounting estimates that we used are reasonably likely to occur from period to period both of which may have a material impact on our financial condition and results of operations. For additional information about these policies, see Note 1 of the Condensed Notes to the Condensed Consolidated Financial Statements in this Form 10-Q. Although we believe that our estimates, assumptions and judgments are reasonable, they are limited based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Revenue Recognition

The Company derives its revenues primarily from subscription and transaction fees pertaining to services delivered over our exchanges or from our ASP platforms, fees for business process outsourcing services, and fees for software development projects including associated fees for consulting, implementation, training, and project management provided to customers with installed systems.

In accordance with the FASB and SEC accounting guidance on revenue recognition the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, provided that the arrangement fee is fixed or determinable, (b) delivery or performance has occurred, (c) customer acceptance has been received, if contractually required, and (d) collectability of the arrangement fee is probable. The Company uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant generally accepted accounting principles related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement.

For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with the relevant technical accounting guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition. Generally these types of arrangements include deliverables pertaining to software licenses, system set-up, and professional services associated with product customization or modification. Delivery of the various contractual elements typically

occurs over periods of less than eighteen months. These arrangements generally do not have refund provisions or have very limited refund terms.

Software development arrangements involving significant customization, modification or production are accounted for in accordance with the appropriate technical accounting guidance issued by FASB using the percentage-of-completion method. The Company recognizes revenue using periodic reported actual hours worked as a percentage of total expected hours required to complete the project arrangement and applies the percentage to the total arrangement fee.

Financial exchange revenue consists largely of transaction-based fees and fees from corporate and retail gift vouchers. The transaction-based fees are primarily based on a percentage of payment value processed for solutions such as retail and corporate payments, domestic money transfers, and general purpose reloadable cards. Transaction-based fees are recognized at the completion of the transaction. Gift voucher revenue is recognized at full purchase value at time of sale with the corresponding cost of vouchers recorded under direct expenses.

Allowance for Doubtful Accounts Receivable

Management specifically analyzes accounts receivable and historical bad debts, write-offs, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts.

Valuation of Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Indefinite-lived intangible assets represent the fair value of acquired contractual customer relationships for which future cash flows are expected to continue indefinitely. In accordance with the relevant FASB accounting guidance, goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurs or circumstances change that would likely have reduced the fair value of a reporting unit below its carrying value. Potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, and the sale or disposition of a significant portion of the business. The impairment evaluation process first involves an assessment of certain qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of any of our reporting units was less than its carrying amount. If, after assessing the totality of events or circumstances, we were to determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then we would not perform the two-step quantitative impairment testing described further below.

The aforementioned two-step quantitative testing process involves comparing the reporting unit carrying values to their respective fair values. We determine the fair value of our reporting units by applying the discounted cash flow method using the present value of future estimated net cash flows. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value were to be less than its carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value. Projections of cash flows are based on our views of growth rates, operating costs, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. The use of different estimates or assumptions for our projected discounted cash flows (e.g., growth rates, future economic conditions, discount rates and estimates of terminal values) when determining the fair value of our reporting units could result in different values and may result in a goodwill impairment charge. We perform our annual goodwill impairment evaluation and testing as of September 30th of each year. This evaluation is done during the fourth quarter each year. During the year ended December 31, 2016 we had no impairment of our reporting unit goodwill balances.

Valuation of Contingent Liabilities related to Earn-Out Obligations from Business Acquisitions

A significant component of the purchase price consideration for many of the Company's business acquisitions is a potential subsequent cash earnout payment based on reaching certain specified future revenue targets. The terms for the contingent earn out payments in most of the Company's business acquisitions typically address the GAAP recognizable revenues achieved by the acquired entity over a one, two, and/or three year period subsequent to the effective date of their acquisition by Ebix. These terms typically establish a minimum threshold revenue target with achievement of revenues recognized over that target being awarded in the form of a specified cash earn out payment. The Company applies these terms in its calculation and determination of the fair value of contingent earn out liabilities for purchased businesses as part of the related valuation and purchase price allocation exercise for the corresponding acquired assets and liabilities. The Company recognizes these potential obligations as contingent liabilities and are reported as such on its Condensed Consolidated Balance Sheets. During the nine months ended September 30, 2017 and 2016, these aggregate contingent accrued earn-out business acquisition consideration liabilities were reduced by \$3.6

million and \$2.4 million, respectively, due to remeasurements based on the then assessed fair value and changes in anticipated future revenue levels. In the first nine months ended September 30, 2017 and 2016 these reductions to the contingent accrued earn-out liabilities resulted in a corresponding reduction of \$164 thousand and \$1.7 million, respectively to general and administrative expenses as reported on the Condensed Consolidated Statements of Income and a reduction of \$3.4 million and \$664 thousand, respectively to goodwill as reported in the enclosed Condensed Consolidated Balance Sheets. As of September 30, 2017, the total of these contingent liabilities was \$39.18 million.

Income Taxes

Deferred income taxes are recorded to reflect the estimated future tax effects of differences between financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company also applies FASB accounting guidance on accounting for uncertainty in income taxes positions. This guidance clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Foreign Currency Matters

The functional currency for the Company's foreign subsidiaries in India, Dubai, and Singapore is the U.S. dollar because the intellectual property research and development activities provided by its Dubai and Singapore subsidiary, and the product development and information technology enabled services activities for the insurance industry provided by its India subsidiary, both in support of Ebix's operating divisions across the world, are transacted in U.S. dollars.

The functional currency of the Company's other foreign subsidiaries is the local currency of the country in which the subsidiary operates. The assets and liabilities of these foreign subsidiaries are translated into U.S. dollars at the rates of exchange at the balance sheet dates. Income and expense accounts are translated at the average exchange rates in effect during the period. Gains and losses resulting from translation adjustments are included as a component of other comprehensive income in the accompanying Condensed Consolidated Balance Sheets. Foreign exchange transaction gains and losses that are derived from transactions denominated in a currency other than the subsidiary's functional currency are included in the determination of net income.

Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to foreign currency exchange rate risk related to our foreign-based operations where certain transactions are denominated in other than our entity's functional currency and are subject to market risk with respect to fluctuations in the relative value of those currencies. Most of the Company's transactions are denominated in U.S. dollars; however, the Company has significant and expanding operations in Australia, Brazil and Europe, and we conduct transactions in the local currencies of each of those locations. There can be no assurance that fluctuations in the value of foreign currencies will not have a material adverse effect on the Company's business, operating results, revenues or financial condition. During the nine months ended September 30, 2017 and 2016 the net change in the cumulative foreign currency translation account, which is a component of accumulated other comprehensive loss within stockholders' equity, were unrealized gains (losses) of \$3.9 million and \$(1.0) million, respectively. The Company considered the historical trends in currency exchange rates and determined that it was reasonably possible that adverse changes in our respective foreign currency exchange rates of 20% could be experienced in the near term. Such an adverse change in currency exchange rates would have resulted in reduction to pre-tax income of approximately \$5.1 million and \$3.4 million for the nine months ended September 30, 2017 and 2016, respectively.

The Company's exposure to interest rate risk relates to its interest expense on outstanding debt obligations and to its interest income on existing cash balances. As of September 30, 2017 the Company had \$343.4 million of outstanding debt obligations which consisted of a \$109.4 million term loan and a \$234.0 million balance on our commercial banking revolving line of credit. The Company's revolving line of credit bears interest at the rate of LIBOR plus 2.25%, and stood at 4.00% at September 30, 2017. The Company is exposed to market risk in relation to this line of credit in regards to the potential increase in interest expense arising from adverse changes in interest rates. This interest rate risk is estimated as the potential decrease in earnings resulting from a hypothetical 30 basis point increase in the LIBOR rate. Such an adverse change in the LIBOR rate would have resulted in a reduction to pre-tax income of approximately \$915 thousand and \$430 thousand for the nine months ended September 30, 2017 and 2016, respectively. The Company's average cash balances and short term investments during the nine months ended September 30, 2017 were \$106.1 million and its existing cash balances as of September 30, 2017 were \$96.7 million. The Company is exposed to market risk in relation to these cash balances in regards to the potential loss of interest income arising from adverse changes in interest rates. This interest rate risk is estimated as the potential decrease in earnings resulting from a hypothetical 20 basis point interest rates earned on deposited funds. Such an adverse change in these interest rates would have resulted in a reduction to pre-tax income of approximately \$323 thousand and \$244 thousand for the nine months ended September 30, 2017 and 2016, respectively.

There were no other material changes to our market risk exposure during the nine months ended September 30, 2017 and 2016. For additional information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures about Market Risk," in Part II, Item 7A of our 2016 Form 10-K.

Item 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures: The Company's management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Internal Control over Financial Reporting: There were no changes in our internal control over financial reporting during the three and nine months ended September 30, 2017, 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

Following the announcement on May 1, 2013 of the Company's execution of a merger agreement with affiliates of Goldman Sachs & Co., twelve putative class action complaints challenging the proposed merger were filed in the Delaware Court of Chancery. These complaints name as Defendants some combination of the Company, its directors, Goldman Sachs & Co. and affiliated entities. On June 10, 2013, the twelve complaints were consolidated by the Delaware Court of Chancery, now captioned *In re Ebix, Inc. Stockholder Litigation*, CA No. 8526-VCS. On June 19, 2013, the Company announced that the merger agreement had been terminated pursuant to a Termination and Settlement Agreement dated June 19, 2013. After Defendants moved to dismiss the consolidated proceeding, Lead Plaintiffs amended their operative complaint to drop their claims against Goldman Sachs & Co. and focus their allegations on an Acquisition Bonus Agreement (“ABA”) between the Company and Robin Raina. On September 26, 2013, Defendants moved to dismiss the Amended Consolidated Complaint. On July 24, 2014, the Court issued its Memorandum Opinion that granted in large part the Company's Motion to Dismiss and narrowed the remaining claims. On September 15, 2014, the Court entered an Order implementing its Memorandum Opinion. On January 16, 2015, the Court entered an Order permitting Plaintiffs to file a Second Amended and Supplemented Complaint. On February 10, 2015, Defendants filed a Motion to Dismiss the Second Amended and Supplemented Complaint, which was granted in part and denied in part in a January 15, 2016 Memorandum Opinion and Order. On October 25, 2016, the Court entered an Order permitting Lead Plaintiffs to file a Verified Third Amended and Supplemented Class Action and Derivative Complaint, which made additional claims and added two directors as defendants. The Verified Third Amended and Supplemented Class Action and Derivative Complaint was then filed on October 26, 2016. The claims are as follows: (i) a purported class and derivative claim for breach of fiduciary duty for improperly maintaining the ABA as an unreasonable anti-takeover device; (ii) a purported class claim for breach of the fiduciary duty of disclosure to the stockholders with respect to the Company's 2010 Proxy Statement and 2010 Stock Incentive Plan; (iii) a purported derivative claim for breach of fiduciary duty to the Company in causing incentive compensation to be awarded under the 2010 Stock Incentive Plan; (iv) a purported class and derivative claim for breach of fiduciary duty in adopting certain bylaw amendments on December 19, 2014; (v) a purported class and derivative claim seeking invalidation of the December 19, 2014 bylaw amendments under Delaware law; (vi) a purported claim for breach of fiduciary duty for not duly adopting the ABA at the July 15, 2009 Board meeting, and seeking declaratory relief invalidating the ABA; (vii) a purported claim for breach of the fiduciary duty of disclosure to the stockholders with respect to the ABA, and seeking declaratory relief invalidating the ABA; (viii) a purported claim seeking invalidation of the 2008 Stockholder Meeting, 2008 Certificate Amendment, 2008 Stock Split and subsequent corporate actions; and, (ix) a purported class claim for breach of fiduciary duty, and seeking declaratory relief invalidating the 2016 CEO Bonus Plan because of incomplete disclosures with respect to the ABA. Lead Plaintiffs seek declaratory relief with respect to the ABA, the 2010 Stock Incentive Plan, the 2010 Proxy Statement, the bylaw amendments, the 2008 Stockholder Meeting, the 2008 Certificate Amendment, the 2008 Stock Split, and the 2016 CEO Bonus Plan. Lead Plaintiffs also seek compensatory damages, interest, and attorneys' fees and costs. On October 31, 2016, Lead Plaintiffs filed a Motion for Class Certification. On November 1, 2016, Lead Plaintiffs moved for partial summary judgment on Claims (ii), (iii), and (vi) as described above. The directors added as defendants in the Third Amended and Supplemented Class Action and Derivative Complaint moved to dismiss all Claims against them. The remaining Defendants moved to dismiss Claims (v), (vi), (vii), (viii), and (ix) as described above, and have filed answers to the other claims in the Verified Third Amended and Supplemented Complaint. Briefing schedules for the pending motions have not been yet set and discovery is on-going. The Company denies any liability and intends to defend the action vigorously.

The Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate likely disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Item 1A: RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016, which could materially affect the Company's business, financial condition or future results. There have not been any significant changes with respect to the risk factors described in the Company's 2016 Annual Report on Form 10-K. The risks described in that 2016 Form 10-K and in this Quarterly Report on Form 10-Q are not the only risks that the Company faces. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2: REPURCHASES OF EQUITY SECURITIES

The following table contains information with respect to purchases of our common stock made by or on behalf of Ebix during the three months ended September 30, 2017, as part of our publicly-announced share repurchase plan:

| Period | Total Number of Shares (Units) Purchased | Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs | Average Price Paid Per Share (1) | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2) (3) |
|---|--|--|----------------------------------|--|
| July 1, 2017 to July 31, 2017 | — | — | \$ — | \$ 133,861,000 |
| August 1, 2017 to August 31, 2017 | — | — | \$ — | \$ 133,861,000 |
| September 1, 2017 to September 30, 2017 | — | — | \$ — | \$ 133,861,000 |
| Total | — | — | | \$ 133,861,000 |

- (1) Average price paid per share for shares purchased as part of our publicly-announced plan.
- (2) Effective August 19, 2015 the Company's Board of Directors unanimously approved an additional authorized share repurchase plan of \$100.0 million. The Board directed that the repurchases be funded with available cash balances and cash generated by the Company's operating activities. Under certain circumstances the aggregate amount of repurchases of the Company's equity shares may be limited by the terms and underlying financial covenants regarding the Company's commercial bank financing facility.
- (3) Effective February 6, 2017 the Company's Board of Directors unanimously approved an additional authorized share repurchase plan of \$150.0 million. The Board directed that the repurchases be funded with available cash balances and cash generated by the Company's operating activities. Under certain circumstances the aggregate amount of repurchases of the Company's equity shares may be limited by the terms and underlying financial covenants regarding the Company's commercial bank financing facility.

Item 3: DEFAULTS UPON SENIOR SECURITIES

None.

Item 4: MINE SAFETY DISCLOSURES

Not applicable.

Item 5: OTHER INFORMATION

On November 3, 2017, the Company and certain of its subsidiaries entered into the Fourth Amendment and Waiver (the "Fourth Amendment") to the Regions Secured Credit Facility dated August 5, 2014, between the Company and Regions Bank, as administrative agent (as amended, the "Credit Agreement"). The Fourth Amendment waives certain technical defaults related to the failure to give required notice with respect to i) the existence of a subsidiary having intellectual property with an aggregate value above a stipulated amount and ii) the additional investment in a joint venture entity resulting in that entity becoming a subsidiary of the Company for the purpose of the Credit Agreement. In addition to such waiver, the Fourth Amendment also loosened the leverage ratios the Company is required to satisfy in connection with permitted acquisitions and for compliance generally.

In addition, on November 3, 2017 the Company and certain of its subsidiaries entered into the Fifth Amendment (the “Fifth Amendment”) to the Credit Agreement to exercise \$50 million of its aggregate \$100 million accordion option, increasing the total Term Loan Commitment to \$175 million. \$20 million of the increase was funded on November 3, 2017 and the remaining \$30 million shall be disbursed upon the satisfaction of certain closing requirements set forth in the Fifth Amendment. Both such disbursements are tied to permitted acquisitions as set forth in the Fifth Amendment.

Item 6: EXHIBITS

The exhibits filed herewith or incorporated by reference herein are listed in the Exhibit Index attached hereto.

EXHIBITS INDEX

Exhibits

| | |
|-----------------------|---|
| 3.1 | Certificate of Incorporation, as amended, of Ebix, Inc. (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and incorporated herein by reference). |
| 3.2 | Amended and Restated Bylaws of Ebix, Inc., effective immediately following the Company's Annual Meeting of Stockholders, held on January 9, 2015 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated December 24, 2014). |
| 31.1* | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 31.2* | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). |
| 32.1* | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101* | XBRL (Extensible Business Reporting Language) - The following materials from Ebix, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statement of Stockholders' Equity and Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements which were tagged as blocks of text. |

* Filed herewith

SIGNATURES

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

Ebix, Inc.

Date: November 9, 2017

By: /s/ Robin Raina

Robin Raina

Chief Executive Officer
(Principal Executive Officer)

Date: November 9, 2017

By: /s/ Sean T. Donaghy

Sean T. Donaghy

Chief Financial Officer
(Principal Financial and Accounting Officer)