

**Ebix Inc. (Second Quarter 2022 Investor Call)**

**August 09, 2022**

**Corporate Speakers:**

- Darren Joseph; Ebix, Inc.; Corporate VP of Finance & HR
- Steven Hamil; Ebix, Inc.; Corporate Executive VP & Global CFO
- Ash Sawhney; Ebix, Inc.; President of Insurance Solutions - North America
- Robin Raina; Ebix, Inc.; Chairman, CEO & President

**Participants:**

- Jeffrey Van Rhee; Craig-Hallum Capital Group LLC; Research Division, Partner & Senior Research Analyst
- Robert Maltbie; Singular Research, LLC; MD & President

**PRESENTATION**

Operator^ Ladies and thank you for standing by and for the Ebix Inc. Second Quarter 2022 Investor Call. (Operator Instructions) I would now like to turn the call over to your host, Darren Joseph, you may begin.

Darren Joseph^ Thank you. Welcome, everyone, to Ebix Inc. 2022 Second Quarter Earnings Conference Call. Joining me to discuss the quarter is Ebix Chairman, President, and CEO, Robin Raina; Ebix Global CFO, Steve Hamil; and Ebix North American President, Ash Sawhney. Following our remarks, we'll open up the call for your questions.

Now let me quickly cover the safe harbor. Some of the statements that we make today are forward-looking, including, among others, statements regarding Ebix' future investments, our long-term growth and innovation, the expected performance of our businesses, and our use of cash.

These statements involve a number of risks and uncertainties that might cause actual results to differ materially from those projected in the forward-looking statement. Please note that these forward-looking statements reflect our opinions only as of the date of this presentation, and we undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events.

Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements made today are contained in our SEC filings, which list a more detailed description of the risk factors that may affect our results. Our press release announcing the second quarter of 2022 results was issued this morning.

The audio of this investor call is also being webcast live on the web at [www.ebix.com/webcast](http://www.ebix.com/webcast). You can look at Ebix' financials beyond what has been provided in this release on our website, [www.ebix.com](http://www.ebix.com). The audio and the text transcript of this call will also be available on the Investor homepage of the Ebix website after 4:00 p.m. Eastern Time today.

Let me now present the key metrics in our Q2 2022 release. Q2 diluted EPS GAAP was \$0.63 with 23% year-over-year growth. Non-GAAP diluted EPS was \$0.75. GAAP revenues of \$250.8 million with a 2% year-over-year growth. GAAP operating income of \$30.1 million with 10% year-over-year growth; non-GAAP operating income of \$34 million.

Let me have to tell you what we are against in this quarter. The recent worldwide inflationary trends have resulted in the U.S. strengthening against most currencies, resulting in headwinds of \$9.4 million in revenues.

Our bank costs were higher by \$1.2 million in the second quarter as compared to the second quarter of 2021. We had substantially elevated costs associated with salary increases worldwide, especially in India. We had a deal with the seasonal drop in prepaid card revenues of \$22.2 million. We are still not past the threshold points in certain COVID-19-affected areas in terms of profits, though the sequential revenue trends are quite encouraging.

In spite of all of that, we had to deal with our worldwide revenues, excluding the prepaid card business grew 32% year-over-year. The main contributors to this stellar growth were the company's EbixCash travel and foreign exchange revenues that grew year-over-year by 293%, EbixCash BPO revenues that grew year-over-year by 70%, and U.S. annuity net and LifeSpeed combined revenues that grew year-over-year by 21%.

E-learning revenues grew year-over-year by 600% and the Latin American revenues that grew year-over-year by 62%. On a constant currency basis, our Q2 2022 revenues grew by 6% year-over-year to \$260.1 million, \$9.4 million more than our reported GAAP revenues.

Accordingly, a portion of these revenues would have resulted in increased income for the company. Out of 10 major geographies worldwide, revenues grew year-over-year in 8 regions, while declining in two.

On a constant currency basis, 9 of the 10 geographies experienced year-over-year revenue growth in Q2 2022 with Australia having a 1% decline year-over-year. Insurance exchanges revenues worldwide increased year-over-year by 1%, while Risk-Compliance Solutions revenue increased 21% year-over-year in the second quarter of 2022.

Exchanges, including EbixCash and our worldwide insurance exchanges continue to be Ebix' largest channel, accounting for 89% of the second quarter 2022 revenues. In Q2 2022, our non-GAAP EBITDA plus stock-based compensation was \$36 million, while

we reported operating cash flows of \$21.4 million. We feel good about that as it speaks to the fundamental strength of our business. I will now turn the call over to Steve.

Steven Hamil^ Thanks, Darren. Ebix has seen the positive impact of a return to normalcy within its COVID-19-impacted businesses. While we still have work to do to achieve pre-COVID-19 operating levels in businesses such as travel, foreign exchange, remittance, and e-learning.

During Q2 2022, the company saw the largest improvement in these businesses in several quarters with material growth in travel, which increased 399% year-over-year and 157% sequentially. Foreign exchange was up 199% year-over-year and 38% sequentially. Our remittance business increased 16% year-over-year and 47% sequentially, and our e-learning business grew 596% year-over-year and 102% sequentially, impressive growth numbers. Our worldwide revenues, excluding prepaid gift cards, increased 32% year-over-year in the second quarter of 2022.

Total GAAP revenues increased by 2% year-over-year, which was driven by growth in the above-mentioned businesses as well as year-over-year growth in Latin America, Canada, and the U.S. LifeSpeed and annuity exchange businesses. This growth was offset in part by a 14% year-over-year decline in our low-margin prepaid gift card revenues during the second quarter.

On a constant currency basis, global revenues increased 6% during the quarter. Our Latin American business was heavily impacted by COVID-19, but for the second consecutive quarter, Latin American revenues have shown material growth, increasing 62% year-over-year in Q2 2022, which follows Q1 2022 year-over-year growth of 27%.

Ebix signed an amended pricing agreement with our largest customer in Latin America, which has materially increased pricing currently and prospectively. In the U.S., our LifeSpeed and annuity exchange business, on a combined basis, increased 21% year-over-year as industry transaction levels increased, and we continue to grow revenues from our existing client base.

Additionally, our CRM solution generated year-over-year revenue growth for the second consecutive quarter, increasing 3%. Our European business, whose technology powers the front end, the London and reinsurance, and insurance markets continues to perform steadily, while Q2 2022 GAAP revenues decreased 4% year-over-year on a constant currency basis, those revenues increased 7% year-over-year.

In Australia, foreign currency movements had a meaningful negative impact on our results. In Q2 2022, Australian revenues decreased 9% year-over-year, but on a constant currency basis, revenues were down 1% to 2%. Q2 2021 revenues in Australia were the highest revenues for our second quarter since COVID-19 emerged globally. So Australia had a tough comp this quarter from a revenue standpoint.

Ebix had a year-over-year increase in G&A expenses of \$8.4 million in Q2 2022 driven by increased personnel costs, including travel expenses of approximately \$4.7 million and an increase in bad debt expense of approximately \$2.8 million year-over-year due primarily to a 2021 reduction of the allowance for doubtful accounts associated with our Ebix volume joint venture and an increase in bad debt expense related to the EbixCash travel business during the second quarter of 2022.

During the year-to-date period of 2022, we had following major cash uses, \$19 million of cash interest paid, \$24 million for income-related taxes paid globally, a combined \$14 million expended on CapEx and software development costs, \$16 million used to reduce the principal outstanding on our corporate credit facility, \$1.7 million used to reduce the balances of our working capital facilities in India and \$4.6 million for dividend payments. We funded these initiatives from existing cash plus operating cash flows generated during the year.

As of June 30, 2022, the company has liquidity on hand, which includes cash, cash equivalents, short-term investments, and restricted cash of \$96.7 million versus \$125.2 million at 12/30/21.

For the year-to-date 2022 period versus the similar period in 2021, Ebix paid an incremental \$12 million in cash taxes and \$5 million in cash interest while also investing an incremental \$8 million in the company in the form of capital expenditures and software development costs. Interest costs will remain higher for the balance of 2022 based on the current rate environment and our current borrowing spread being 100 basis points higher than in 2021.

Cash taxes for the remainder of 2022 should not be as high as the first half of 2022, while CapEx and software development costs will likely not materially differ from the second half of 2021, where we expended approximately \$8.2 million to invest in PP&E and our software solutions.

Our total debt at June 30, 2022, was \$641 million, a reduction of \$33 million from total debt of \$674 million as of June 30th, 2021. Ebix has seen some material improvements in COVID-19 impacted businesses currently, and we are optimistic that in the coming quarters, we will reach pre-COVID-19 operating levels in these negatively impacted businesses.

Globally, we continue to believe that the diversity of our revenues, the market positions that we have will provide our shareholders with compelling value creation long term. We believe that our company has the people, solutions, services, and global reach to thrive over the long run.

I want to thank the thousands of employees around the world for all their hard work that allow Ebix to provide strong customer experiences globally. Finally, our Form 10-Q will be filed later today. I would like to now turn the call over to the president of our North

American insurance businesses, Ash Sawhney, for his remarks from the second quarter 2022 operations.

Ash Sawhney^ Thank you, Darren and Steve. I will now talk about the North American results and outlook. The North American revenue in Q2 of 2022 was up approximately 1% compared to Q2 of 2021. The highlight for the quarter was a strong performance of our core exchanges comprised of life and annuity, health, P&C, illustration, CRM, and risk compliance, which were collectively up 5% compared to the same quarter last year.

Our life and annuity business exchanges comprised of order entry platforms, illustration exchange, and CRM were up 10% in Q2 of 2022 compared to the same quarter last year. The strong results from our core business were partially offset by declines in our noncore consulting businesses as well as medical certification and health content business.

Compared to Q1, the North American revenue was down 1% sequentially in Q2. This was primarily due to the previously reported onetime revenue deferral in the medical certification business, which was taken in Q1. Barring that onetime deferral, the business would have been up 1% sequentially.

I will now provide a more granular overview of each of the underlying businesses. The annuity exchange revenues were up approximately 25% compared to the same quarter last year and 15% sequentially compared to Q1 of 2022. The annuity division now is the largest business unit in the U.S. in terms of revenue as compared to all other U.S.-based exchanges.

Transactional volumes were up approximately 32% in Q2 2022 compared to the same quarter last year as well as sequentially compared to Q1. The growth is attributed to a steady increase in both carrier and distributors on the platform, which now surpasses 55 carriers and over 100 distributors. We added Sagicor to the annuity exchange in Q2.

Other notable accomplishments include products from Nationwide, MassMutual, and Banner Life, successfully going live on our exchange platforms. The growth is also significantly aided by industry tailwinds as a result of higher interest rates compared to 2021. The illustration exchange was up 1% in Q2 of 2022 compared to the same quarter last year and up 1.5% sequentially. Over the past several quarters, we have seen a steady increase in transactional volume on the platform.

Also benefiting the platform initiatives we launched last year, which include analytics and integration with third-party, presales, tools such as Insight. The CRM revenue was up 3% in Q2 of 2022 compared to the same quarter last year, but down 10% compared to Q1.

Revenues in Q1 are typically higher as we see an uptick in revenue from data feeds. We are continuing to expand the sales team and are instituting programs to expand our relationship with broker-dealers. The P&C exchange was up 13% in Q2 compared to the

same quarter last year. We added several clients, including a large municipality in Oklahoma, a large supermarket chain in Minneapolis, and a large TPA in Florida.

The Ebix Health Exchange was up 6% in Q2 of 2022 compared to the same quarter last year and relatively flat sequentially. Notable accomplishments in the quarter include an expansion of relationship with Cisco and AIG as well as successful implementation of Redirect Health, Bluewater, and Georgia Dental Association.

We are also actively engaged in implementing AON, which was a new deal announced previously. The underwriting exchange revenue, though down 2.3% in Q2 compared to the same quarter last year was up 3.5% sequentially. Core clients remain steady.

Additional products and features were delivered at Ameritas, CUNA Mutual, and Indiana Farm Bureau. The medical certification business in Q2 2022 was flat relative to the same quarter last year and was down 7% sequentially compared to the previous quarter. The decline was due to the one-time deferred revenue in Q1. The digital business stayed strong, growing 10% year-to-year compared to last year. We signed 12 new course contracts, including Mount Sinai, Howard Hospital, and USCF.

We are also building a new customer segmentation platform, which will allow us to better target new customers and will help in customer retention. In the health education added business, we added 12 new clients, including Amway and John Hopkins University. The Risk Compliance business was up 2% in Q2 compared to the same quarter last year and 5% sequentially. We added 8 new clients this quarter, including Luke Family Farms, Fetzer Vineyards and Chicago Atlantic.

Overall, we are pleased that we are back on a growth path this year as compared to previous years when we saw COVID-19-related declines in our business. There are several factors we believe that will contribute to ongoing momentum. Core exchanges will continue to show healthy gains. We are continuing to add new carriers and distributors on our platform at a good pace. Each new participant on the platform contributes to a growing base of recurring revenue.

The outlook for a high-interest rate environment will continue to be beneficial for several of our businesses. Recent additions in our sales team has had a positive contributing effect. We are pleased with the talent and caliber of people we are able to attract to the organization. With each new sales member bringing their own network to the table, the pipeline is stronger than it has been in recent times.

The steps we have taken to integrate our sales, product, and delivery organizations has positioned us to pursue, larger, digital transformational deals. Our average deal size is continuing to grow as we are able to offer packaged solutions.

We are continuing to roll out new modules such as Edison, the DTCC plug-in, and analytics for life and annuities. We will be launching a series of Ebix indices that will

provide market trends and visibility and will generate opportunities for deeper engagements with clients and on custom studies.

Our strategy to more closely align our consulting group with the product groups will generate positive results. We are now prepackaging our consulting services with our new product sales.

This provides faster product launches for our clients and gives us incremental revenue opportunities. We are starting to see a slight improvement in the hiring conditions and also the attrition rates in the industry are starting to improve. These factors will help our businesses that rely heavily on professional services support, such as our underwriting exchange.

We are also expanding offices into second-tier cities in India to increase capacity. The recent decision to open an office in a few state capitals with a lower cost base, but a funded resources availability is expected to provide relief later this year. While we are pleased with the positive momentum in organic growth, we also anticipate supplementing this with strategic acquisitions once the India IPO gives us the flexibility. We expect there to be a shakeout in the market.

Several companies that have mushroom during the past boom years with business models that were showing heavy losses in exchange of promises of future growth will likely not survive. Ebix will be in a good position to acquire some of these businesses at distressed valuations. The sound Ebix business model focused on profitable growth and its strength due to diversity of its businesses are reasons why Ebix will emerge even stronger when the dust settles. Finally, we are planning a big Ebix exposition in Q1 of 2023.

This event will be attended by top carriers and distributors from the industry. It will allow us to showcase the latest in innovation and our future road maps of various exchanges. More on this to follow. I would like to close by thanking Team Ebix. I'm truly proud of their work and accomplishments that they have put us on this progressive path and position of strength. I will now pass this along to Robin for his comments.

Robin Raina^ Good morning, everyone. I want to start by congratulating our team for an outstanding quarter with great all-around performance. What stood out for me in the quarter was, one, the 32% growth in worldwide revenues, excluding the prepaid card business, the 6% constant currency revenue growth year-over-year. The year-over-year EbixCash revenue growth of 56%, excluding the prepaid cards business, year-over-year growth in 9 of the 10 geographies on a constant currency basis.

All three business channels, namely Insurance Exchanges, EbixCash, and Risk Compliance Solutions channel showing year-over-year growth on a GAAP and constant currency basis. Risk compliance solutions channel showing revenue growth of 21% year-over-year, EBITDA plus stock-based compensation of \$36 million in Q2 2022, constant currency revenues of \$260.1 million, implying annual revenue run rate north of \$1

billion. This performance has a special meaning when you consider the time we live in nowadays.

The recent inflationary downturn, the steep continued increase in employee costs, the strengthening U.S. dollar, and of course, a resource crunch associated with what's going on in the Indian technology liver markets. Let me now discuss the revenue performance in a little bit more detail. Worldwide insurance exchange revenues grew 1% year-over-year. U.S. revenues grew 1% year-over-year. Our RCS revenues grew 21% year-over-year.

I already talked about the EbixCash revenues growing 56%, excluding the prepaid gift card revenue streams. Also, what was encouraging about Q2 '22 results was the fact that our revenues grew year-over-year. In 9 of the 10 geographies on a constant currency basis, on a GAAP basis, our revenues grew year-over-year in 8 of the 10 geographies of our business despite the adverse effect of the U.S. dollar strengthening strongly after the Ukraine crisis.

U.S. revenues had a year-over-year increase of 1%. Canada had a year-over-year increase of 7%. Brazil had a year-over-year increase of 62%. Singapore had a year-over-year increase of 11%.

New Zealand had a year-over-year increase of 1%. Indonesia had a year-over-year increase of 450%. Philippines had a year-over-year increase of 113%, while United Arab Emirates grew by a large percentage number also.

Europe, Q2 '22 GAAP revenues decreased by 4% year-over-year on account of strengthening of the U.S. dollar, while on a constant currency basis, European revenues increased 7% year-over-year in Q2 of '22. Australian Q2 '22 GAAP revenues decreased 9% year-over-year, primarily on account of the strengthening of the U.S. dollar, though on a constant currency basis, revenues were down 2% year-over-year.

As Steve explained, Q2 '21 revenues in Australia were the highest revenues for a second quarter since COVID-19 emerged globally. So Australia had tough competition this quarter. Despite a 14% decline year-over-year in the gift card business, our EbixCash revenues on a GAAP and constant currency basis were higher than the Q2 '21 revenues. We are pleased with the India EbixCash results for second quarter of '22 as our most negatively impacted businesses from COVID-19, [Velan] EbixCash Limited experienced solid year-over-year growth in the second quarter of 2022.

In total, our EbixCash business grew 56% year-over-year during the second quarter of '22, excluding the gift card business, year-over-year growth in travel was 399% and year-over-year growth in foreign exchange revenues was 199%. Our e-learning business showed 596% growth year-over-year.

Our remittance business grew 16% year-over-year during the second quarter of 2022. Our BPO business also grew 70% year-over-year. Sequentially, travel revenues grew 157%,

foreign exchange grew 38%, remittance grew 47% and e-learning grew 102% in Q2 '22 as compared to Q1 '22.

We are pleased with that trend. Ash talked in detail about the North American operations and a stellar job, the North American staff has done under his leadership. Our North American operations have shown growth year-over-year on a 6-month year-to-date basis in 2022 as compared to the 6-month year-to-date period in 2021 as also in Q2 2022 versus Q1 2021.

I am pleased with that trend as also the strides the exchange businesses have made in the region. Our Latin American management recently negotiated a large price raise with insurance clients whose network accounts for almost 50% of our revenues in the region. That will give us a consistent increased revenue stream in coming quarters in the region. EbixCash businesses continued to perform well, as discussed earlier.

Recently, EbixCash Payment Solutions Group inked new agreements with 2 highly recognized corporate names in India. One of the agreements was with Aakash Educational Services, a BYJU'S company to provide cash management and collection services using EbixCash Digital Payment Services and nationwide franchisee network with a pan-India network of 230-plus training centers, including its franchises and an annual student count of more than 275,000. Our cash is a leading player in India's test preparation industry.

Our cash was recently acquired by BYJU'S, India's largest education company. The other agreement that EbixCash Inc. was with Amazon India. With various aspects to the agreement that we will mutually disclose through a press release at the appropriate time. Amongst other agreements, our Bus Exchange division has also inked two new agreements with state road-based corporations in the Eastern region of India, we will disclose details of that separately after seeking approval from the two clients.

The EbixCash travel division continued its post-COVID-19 momentum with 399% year-over-year growth and 157% sequential growth, what stood out for me in terms of travel statistics for the division is as follows: one, the signing of 63 new corporate clients in the second quarter of 2022, with 57% year-over-year growth in the corporate travel business; two, 87% year-over-year growth in B2B travel business; three, addition of 774 new travel agents to use our Via travel platform in the second quarter of 2022; four, Ebix travel business growing 24% with the division handling 105 groups involving 18,010 passengers in terms of event travel in the second quarter of 2022.

Indonesia and Philippines are still not fully open in terms of travel restrictions. These are two of our strong goals in the Asian region, both in terms of operating margins and market leadership position. As Indonesia and Philippines opened out fully post-COVID-19, we will have increased revenue and margin opportunities.

Let me now briefly discuss the foreign exchange segment wherein, EbixCash is India's dominating leading players with the resumption of scheduled commercial flights in

March 2022, after a gap of two years, the demand for international travel has increased with gradual influx of inbound and outbound passengers, which has resulted in improved growth for foreign exchange business in key segments such as leisure, corporate, banknote and airport segments.

With an increase in the number of Indian students pursuing overseas education and supported by the liberalized policy for student visas by countries such as the U.S., Canada, and United Kingdom, the outward remittance for our overseas education is expected to grow exponentially.

EbixCash continues to dominate major market share in the education remittance segment and along with the addition of new universities for direct payment transfer from India and new alliances with international payment aggregators, the student remittance segment is expected to continue to grow.

As part of the business expansion to add new business geographies in student remittance and corporate foreign exchange business, we will be adding 7 new branches in Andhra and Telangana, Uttar Pradesh, Gujarat, Punjab, Mumbai, Behar, and Maharashtra region in the third quarter of 2022. In addition to the education remittance business, 4 new international airport opportunities are employed at present that would be inviting bids through tenders with EbixCash being the single largest airport player in India in terms of foreign exchange.

With the reopening of corporate business travel is expected to continue to grow. We recently launched a new EbixCash Globetrotter travel card that would enable us to increase revenues from the corporate business segment in terms of foreign exchange revenues. Recent travel card that would enable us to increase revenues from the corporate business segment in terms of foreign exchange revenues. Recently, EbixCash was selected by Union Bank of India to cater to all their foreign exchange needs across their branch network in India.

Union Bank of India is one of the leading public sector banks in India, having a network of 9,100-plus branches across the length and rest of India. Andhra Bank and Corporation Bank have also been amalgamated into Union Bank of India with effect from April 2020, making it one of India's leading banking networks.

This great relationship between EbixCash and Union Bank is expected to create opportunities for cross-selling of all our product suite across the wide range of Union Bank nationwide network in addition to the obvious bank notes and ForEx business relationship.

We already had an impanelment with the Andhra Bank to cater to all their ForEx needs through which we have built our relationship with one of India's most visited religious places, namely Tirumala Tirupati to handle all their foreign currency needs, which comes through donations in large numbers by devotes traveling from all over the world.

Now Andhra Bank has merged with Union Bank, which will help us maintain our relationship with Tirumala Tirupati. Recently, EbixCash Inc., strategic business relationship agreements with Al Fardan Exchange, LLC, UAE, and Arcade Plaza Traders Pte Ltd, Singapore for banknote business opportunities.

Al Fardan is the largest aggregator of banknotes in the UAE, and this strategic partnership will create new avenues in the UAE market for our India business, especially on the pricing front for all Middle East currencies and all other exotic currencies. We will also get a better proposition towards Saudi Arabia currencies while catering to the huge business in India.

Arcade Plaza is our second business relationship arrangement in Singapore after Exchange International Limited. Arcade Plaza is a leading company in banknotes business in Singapore, and this relationship will give us a better room for negotiation in Asia and Far Eastern currency.

Pilgrim a travel for Hach and Umbra for the Muslim community is being restarted in India. Such growth in retail and corporate travel-related foreign exchange business is expected to propel the wholesale currency market, providing ample opportunities to increase revenues from this large segment.

EbixCash now offers destination foreign currency notes of 80-plus countries. The foreign exchange business is poised to continue to grow in coming quarters, both sequentially and year-over-year.

We are pleased with the 199% year-over-year growth in the foreign exchange business in Q2 of '22 and a 38% sequential growth in Q2 of '22 over Q1 of '22. The international remittance business in second quarter of '22 grew 16% year-over-year while growing 47% sequentially over Q1 of '22.

Recently, we announced the appointment of Jamon Kashmir Bank's entire network spanning 1,000 branches or subagent to facilitate international remittance services for its real money transfer business.

The money transfer functionality will be going live on 15th of August 2022 coinciding with India 70 Independence Day celebrations on that day. Our strength in the money remittance business can be gauged by what the CEO of the world's second-largest remittance company, Euronet had to say about EbixCash.

In a second-quarter earnings investor call dated 28th July 2022, Michael Brown, Chairman, President, and CEO of Euronet Worldwide, Inc. had this to say about EbixCash, In India, we launched a multi-currency prepaid platform for EbixCash.

EbixCash has emerged as India's largest end-to-end financial exchange which includes a last-mile network of over 650,000 physical distribution outlets and an omnichannel,

online digital platform. EbixCash plans to issue about 1 million multi-currency cards over the next 4 to 5 years with an annual loan of \$600 million.

The issuance of these cards will give EbixCash an end-to-end customer experience across domestic and international money remittances, foreign exchange, beta payment solutions, prepaid travel cards, insurance, and more. The addition of EbixCash, coupled with the Thomas Cook agreement that we told you about a couple of years ago means that Euronet powers the two largest multicurrency prepaid cards in the huge Indian travel market.

We generated \$21.4 million in operating cash flows in the second quarter of 2022. In the 6-month period ended 30th June 2022, we cumulatively spent \$79.3 million on interest payments, tax payments, term loan payments, income taxes, dividends, CapEx payments and reduction of working capital facilities, et cetera and still our cash, cash equivalents, short-term investments, and restricted cash were \$96.7 million as of June 30th, 2022, versus \$125.2 million as of 31st December 2021.

We are pleased with that as it speaks to the fundamental strength of our businesses. Lastly, with the DRHP file as per Indian rule governing the process, I cannot speak much about the IPO timeline until the approval of the DRHP. Once the DRHP is approved, we will be filing the formal RHP. We will inform the market as soon as we get the formal notification about it. With that, I will now pass the call to the operator and open it up for questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Jeffrey Van Rhee with Craig-Hallum.

Jeffrey Van Rhee^ Great. There we go. Congrats on the underpinning here definitely looks like a steady improvement. Obviously, the gift cards are muddying the waters here, and we don't have a lot of clarity as to exactly what that number was.

But I think you gave a ton of content, I want to take it back up to a high level, if I could, Robin, if you look at the revenue growth you think you can deliver in FY '23 ex-gift card, I mean, can you put some bounds around how you think about Ô23 excluding gift cards for top-line growth?

Robin Raina^ Look, as you know, I hate to talk about any guidance with respect to revenues. I feel that our numbers speak for themselves right now with respect to meaning there's all-around growth in revenues across all geographies, across almost all divisions as I detailed out. So I just feel very uncomfortable talking about any future guidance with respect to revenues.

Operator^ (Operator Instructions) And we have a follow-up from Jeffrey Van Rhee with Craig-Hallum.

Jeffrey Van Rhee^ Yes. Just to finish the thought. On the EbixCash then, Robin is there any way you can share you gave a lot of color around FX and all the instruments that are in that business, remittance, et cetera. When you think about that business getting back to pre-pandemic levels ex the gift card, is there any thinking there as a group when you can just at least get back to the pre-pandemic levels?

Robin Raina^ Well, I think we believe that in the next 6 months, we should be back to that -- to the pre-pandemic level and possibly beat that pre-pandemic level. We are presently seeing a fantastic amount of growth in the market.

What has happened post-COVID is that a lot of the smaller players have basically perished. And some of the larger players who I hate the name are struggling. And part of it is our -- we have been dominating the foreign exchange markets. We've continued to add new corporate clients. We continue to increase our positioning with respect to the airport business.

We've added in recent times, we have secured new approvals from Reserve Bank of India for new cards, newer licenses for certain new products, which puts us in a very unique position with respect to some of the FX business. So we feel that we are in an extremely strong position with respect to that market with respect to the foreign exchange business. So I would -- I believe that in 6 months' time, we should be meeting or beating those -- the pre-COVID numbers.

Jeffrey Van Rhee^ Got it. That's helpful. Steve, on the balance sheet. I know that's been a focus. And obviously, Plan A is IPO, and I know you're working on that, but talk to the credit facility and just what's that work there to the extent you can share?

Steven Hamil^ Yes. I'm going to -- I'll let Robin also add some color on this. But at the current time, we are in compliance with our financial covenants with the credit agreement, able to meet the obligations associated with that. We obviously have an impending maturity, which we're trying to navigate strategically handling that in conjunction with not only IPO but potentially alternative sources of capital to monetize value within, for instance, the EbixCash business. But Robin can certainly add some color to that as well.

Robin Raina^ Yes. Thank you, Steve. Look, meaning, Jeff, you know this is our #1 priority, and we're going to handle this. I mean we have -- we are absolutely focused on ensuring that we are in absolute compliance with all our credit lines and the refinancing efforts.

There's a big effort on well, I cannot share any details with you because it wouldn't be right, as you can imagine, for me to be discussing any details. But rest assured that this is our #1 priority. We feel we have a number of parallel channels that we are working on, and we feel that we're going to get there.

And yes, I think I'll stop at that for now simply because anything more than that, I have to share details, which I absolutely I'm not comfortable sharing with respect to what we -- what and how, what we are doing. As you know, when we had the last time we took our credit line, we -- I said the same stuff until we announced what we did. And so we're going to just wait patiently and do the right thing. And once we have something to announce, we're going to announce it.

Steven Hamil^ And Jeff, let me just add something from a historical perspective. If you look at our leverage ratio as found in our bank agreement, which is publicly available. We've delivered as of 6/30/22 in the last year, almost half a turn.

And so the combination of scheduled amortization payments as well as the TTM EBITDA now creeping up as these businesses that were impacted by COVID are rebounding is a positive sign. And we believe that over the next couple of quarters, you're going to see that TTM EBITDA number continue to increase as those businesses rebound.

Jeffrey Van Rhee^ That's helpful. Maybe one last for me. Obviously, the data point that we're most interested in, it seems like many of them are hamstrung here in terms of being able to talk about. But assuming the DRHP, you're able to go active and get the deal done based on everything that I've been able to gather both the valuation and in particular, the proceeds would be very, very material.

When you look at those proceeds, I think you outlined in the draft right hearing some of the use of proceeds, but I think it might be useful to revisit how you think about use of funds if and when you complete that IPO beyond the obvious that was stated in the red airing.

Robin Raina^ Well, I think that we already said that we will utilize \$350 million of IPO proceeds to pay back. EbixCash would pay back the U.S. through the CCD route where there's the CCD, which is open. And having said that, there are a few other things that we expect to do with respect to repayments back to the U.S. once we put our IPO in place.

So we feel that the IPO would could be a material way of paying -- reducing the paying Ebix Inc. back from EbixCash and in turn, paying back our lenders. Now that's -- at the same time, that's not our only approach.

We have a parallel approach in place that we want to pursue parallelly and we are absolutely focused on both these panel streams. Having said that, we continue to be highly bullish about our IPO. As you can tell, once and DRHP is filed, it is impossible for us to talk about the details of when and how would that happen.

Because Indian rules are very specific about it, that until SEBI has approved it, we're not supposed to talk about it. And so as and when SEBI approves it, hopefully soon, then we will immediately be announcing that to the market, and you would -- and at that point, the

process would be that the bankers would run a shadow book, they will go out and do some kind of a premarketing.

We will decide on a particular valuation. And at that point, basically, we'll then talk about a specific date when we would launch the IPO and so on. And so this is obviously a material event for us having an IPO. But IPO is obviously, this is not just another event for us. We want to do it right, and we're focused on doing it the right way and our bankers are very focused on doing it the right way. And we do believe we have a pioneering differentiated story in the market.

As you know that there are very few players with the profitability that we have in the Indian markets, whether it is the financial market, whether it's a fintech market or it is the on-demand market in India.

So we do believe we and our bankers believe that we have a fantastic story to tell. So we'll just -- we'll for now just -- I'll stop at that, and we'll share more details as once we have more flexibility to provide more details and hopefully, once we have the approval, then we'll be able to talk about -- more about the specific timing.

Jeffrey Van Rhee^ Yes. Okay. Well, congrats. I mean, obviously, U.S. business, EbixCash Gift Card everything ahead of where we had expected it. And the unfortunate the gift card stuff sometimes muddies the water here, but from my thought, congrats on the solid fundamental numbers. Appreciate it.

Operator^ (Operator Instructions) Our next question comes from the...

Robert Maltbie^ It's Robert Maltbie sitting in for Christopher Sakai. Congratulations, gentlemen, on a good quarter, everything considered in the global headwinds into the dollar. I've got two questions. Regarding opportunities in insurance with potential acquisitions, you mentioned active pricing and a possible shakeout, I believe.

I was just curious what are some of the underlying, I guess, factors driving these opportunities, and what would be maybe a catalyst that is driving that? And the second question relates to the Indian market, not being having follower of that market and the economy. What are you feeling in terms of the ongoing recovery of that economy and market over the next 12 months?

Robin Raina^ I think I'll address the second question first. Robert, first of all, always a pleasure talking to you. It's been a long time since I've spoken to you. And so I'll try to address the second question first. And then Ash, maybe you can talk about the first one. With respect to the Indian economy, look, India is emerging as one of the largest economies in the world. Right now, they're targeting a \$5 trillion economy.

Over the next few years, that's basically the goal. If you look at the Indian stock markets per se, when the U.S. markets were down 24% year-over-year, Indian markets were down 8%. So the comparative effects in India have been lesser with respect to, for example,

what's happened on the NASDAQ or what has happened in the [NRC]. The other trend that has happened in India is that Indian markets have gotten way inward.

Earlier, there was a lot of dependence on foreign institutions, [FIs]. If you look at in recent time, if you look at some of the issues that are coming out, you're going to see that the Indian institutions have stepped up in a very large way.

A very large part of investment is coming from Indian institutions that has something to do with Mr. Modi's vision of making India for the world, as he call it, where Indian institutions have stepped up and started investing in Indian IPOs per se, where IP is based around in India, and they see some international opportunities of growth.

Having said that, the government and if you talk to most economists, they tend to be very bullish about the Indian economy per se in terms of where the economy is headed. I think that's primarily it from a technology and from the start-up market perspective, the business -- the markets are starting to come back.

It is -- the recovery has been actually pretty decent in recent times with respect to the Indian market, if you compare it to the world market. So yes, I think most of the economists that you would talk to would tend to be highly bullish about the Indian economy overall. Having said that, Ash, do you want to try to address the first one, the first question?

Ash Sawhney^ Sure, Robin. So Robert, thanks for the question. What we see happening really is a shakeout. And what I mean by that is, if you look at the last maybe 2 to 3 years during the boom time, there were many companies that came to market and they were funded by these VCs and private equity groups. And really, we believe they have flawed business models where they continue to show heavy, heavy losses with the promise of producing stellar growth in future years.

And by the way, this is not just in the insurance sector, this is like across the board, every industry. And what we're starting to see is tightening of the expectations by the investors and some of these companies that have no line of sight into running a profitable business in the future, I think we'll be hurting. And that really draws attention to the strong business model that we have here at Ebix. We're a steady ship. We focus on profitable businesses.

And as we've done in the past, we sit on the sidelines. And when we see opportunities to acquire these businesses that are in a distressed state, then we move. So I hope that answers your question. It's not just an insurance industry-specific dynamics. I think across all industries, it is back to basics. It's back to fundamentally how you run your business, and many of these companies are actually not running their businesses effectively.

Operator^ And I'm not showing any further questions at this time. Would you like me to repeat the instructions again?

Robin Raina^ Kevin, if there are no other questions, we can close the call. Thanks, everyone, for participating in the call. I look forward to speaking to each one of you in the third quarter investor call. With that, I'll close the call.

Operator^ Ladies and gentlemen, this does conclude our presentation. You may now disconnect, and have a wonderful day.