
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 June 30, 2021

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**

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

Title of each class	Trading symbols	Name of each exchange on which registered
Common stock, \$0.10 par value per share	EBIX	Nasdaq Stock Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

[Table of Contents](#)

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<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 August 6, 2021 the number of shares of common stock outstanding was 30,943,439.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2021

INDEX

PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Condensed Consolidated Statements of Income for the three and six months ended June 30, 2021 and 2020 (unaudited) 2

Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2021 and 2020 (unaudited) 3

Condensed Consolidated Balance Sheets at June 30, 2021 (unaudited) and December 31, 2020 4

Condensed Consolidated Statement of Stockholders' Equity for the three and six months ended June 30, 2021 and 2020 (unaudited) 6

Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020 (unaudited) 8

Notes to Condensed Consolidated Financial Statements (unaudited) 10

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 32

Item 3. Quantitative and Qualitative Disclosures About Market Risk 46

Item 4. Controls and Procedures 47

PART II — OTHER INFORMATION

Item 1. Legal Proceedings 47

Item 1A. Risk Factors 48

Item 2. Repurchases of Equity Securities 48

Item 3. Defaults upon Senior Securities 49

Item 4. Mine Safety Disclosures 49

Item 5. Other Information 49

Item 6. Exhibits 49

EXHIBITS INDEX 50

SIGNATURES 51

Exhibit 31.1

Exhibit 31.2

Exhibit 32.1

Exhibit 32.2

Exhibit 101

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		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Operating revenue	\$ 246,322	\$ 111,312	\$ 536,375	\$ 249,188
Operating expenses:				
Cost of services provided	178,203	49,093	398,561	106,550
Product development	10,142	8,338	19,687	17,755
Sales and marketing	3,392	3,458	7,219	7,262
General and administrative, net	23,335	15,464	44,672	44,708
Amortization and depreciation	3,985	3,109	7,785	6,750
Total operating expenses	<u>219,057</u>	<u>79,462</u>	<u>477,924</u>	<u>183,025</u>
Operating income	27,265	31,850	58,451	66,163
Interest income	17	29	25	83
Interest expense	(10,462)	(7,147)	(18,541)	(16,384)
Non-operating (loss) income	(1,253)	118	(1,254)	99
Foreign currency exchange gain (loss)	9	91	(616)	709
Income before income taxes	<u>15,576</u>	<u>24,941</u>	<u>38,065</u>	<u>50,670</u>
Income tax expense	(627)	(1,677)	(1,829)	(2,961)
Net income including noncontrolling interest	14,949	23,264	36,236	47,709
Net loss attributable to noncontrolling interest	(772)	(211)	(1,076)	(489)
Net income attributable to Ebix, Inc.	<u>\$ 15,721</u>	<u>\$ 23,475</u>	<u>\$ 37,312</u>	<u>\$ 48,198</u>
Basic earnings per common share attributable to Ebix, Inc.	\$ 0.51	\$ 0.77	\$ 1.22	\$ 1.58
Diluted earnings per common share attributable to Ebix, Inc.	\$ 0.51	\$ 0.76	\$ 1.21	\$ 1.57
Basic weighted average shares outstanding	30,581	30,504	30,570	30,490
Diluted weighted average shares outstanding	30,713	30,708	30,712	30,696

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		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net income including noncontrolling interest	\$ 14,949	\$ 23,264	\$ 36,236	\$ 47,709
Other comprehensive income (loss):				
Foreign currency translation adjustments	(8,574)	(4,277)	(12,493)	(54,071)
Total other comprehensive income (loss)	(8,574)	(4,277)	(12,493)	(54,071)
Comprehensive income (loss)	6,375	18,987	23,743	(6,362)
Comprehensive loss attributable to noncontrolling interest	(772)	(211)	(1,076)	(489)
Comprehensive income (loss) attributable to Ebix, Inc.	\$ 7,147	\$ 19,198	\$ 24,819	\$ (5,873)

See accompanying notes to the condensed consolidated financial statements.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,069	\$ 105,035
Receivables from service providers	13,303	4,711
Short-term investments	13,866	25,019
Restricted cash	8,440	8,519
Fiduciary funds - restricted	2,580	4,106
Trade accounts receivable, less allowances of \$19,439 and \$22,691, respectively	142,360	142,847
Other current assets	81,386	71,661
Total current assets	347,004	361,898
Property and equipment, net	53,171	52,521
Right-of-use assets	11,954	12,372
Goodwill	942,062	949,037
Intangibles, net	51,310	50,880
Indefinite-lived intangibles	16,647	21,647
Capitalized software development costs, net	20,657	19,389
Deferred tax asset, net	65,943	63,402
Other assets	37,476	38,707
Total assets	\$ 1,546,224	\$ 1,569,853
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 54,677	\$ 64,764
Payables to service agents	4,127	5,281
Accrued payroll and related benefits	10,401	11,792
Working capital facility	9,704	16,643
Fiduciary funds - restricted	2,580	4,106
Short-term debt	729	894
Current portion of long term debt and financing lease obligations, net of deferred financing costs of \$1,493 and \$920, respectively	24,969	23,621
Contract liabilities	35,399	32,898
Lease liability	3,249	3,905
Other current liabilities	30,868	27,486
Total current liabilities	176,703	191,390
Revolving line of credit	439,402	439,402
Long term debt and financing lease obligations, less current portion, net of deferred financing costs of \$986 and \$1,062, respectively	199,052	232,140
Contingent liability for accrued earn-out acquisition consideration	2,560	—
Contract liabilities	7,647	8,033
Lease liability	8,790	8,540
Deferred tax liability, net	1,358	1,235
Other liabilities	28,909	29,009
Total liabilities	864,421	909,749

[Table of Contents](#)

Stockholders' equity:		
Preferred stock, \$0.10 par value, 500,000 shares authorized, no shares issued and outstanding at June 30, 2021 and December 31, 2020	—	—
Series Y Convertible preferred stock, \$0.10 par value, 350,000 shares authorized, no shares issued and outstanding at June 30, 2021 and December 31, 2020	—	—
Common stock, \$0.10 par value, 220,000,000 shares authorized, 30,582,560 issued and outstanding, at June 30, 2021, and 30,515,334 issued and outstanding at December 31, 2020	3,058	3,052
Additional paid-in capital	13,718	11,126
Retained earnings	732,974	700,304
Accumulated other comprehensive loss	(113,996)	(101,503)
Total Ebix, Inc. stockholders' equity	635,754	612,979
Noncontrolling interest	46,049	47,125
Total stockholders' equity	681,803	660,104
Total liabilities and stockholders' equity	\$ 1,546,224	\$ 1,569,853

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, April 1, 2021	30,559,324	\$ 3,056	\$ 12,480	\$ 719,574	\$ (105,422)	\$ 46,821	\$ 676,509
Net income attributable to Ebix, Inc.	—	—	—	15,721	—	—	15,721
Net loss attributable to noncontrolling interest	—	—	—	—	—	(772)	(772)
Cumulative translation adjustment	—	—	—	—	(8,574)	—	(8,574)
Vesting of restricted stock	27,222	3	(3)	—	—	—	—
Share based compensation	—	—	1,359	—	—	—	1,359
Forfeiture of certain shares to satisfy exercise costs and the recipients income tax obligations related to stock options exercised and restricted stock vested	(3,986)	(1)	(118)	—	—	—	(119)
Common stock dividends paid, \$0.075 per share	—	—	—	(2,321)	—	—	(2,321)
Balance, June 30, 2021	<u>30,582,560</u>	<u>\$ 3,058</u>	<u>\$ 13,718</u>	<u>\$ 732,974</u>	<u>\$ (113,996)</u>	<u>\$ 46,049</u>	<u>\$ 681,803</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interest	Total
	Issued Shares	Amount					
Balance, January 1, 2021	30,515,334	\$ 3,052	\$ 11,126	\$ 700,304	\$ (101,503)	\$ 47,125	\$ 660,104
Net income attributable to Ebix, Inc.	—	—	—	37,312	—	—	37,312
Net loss attributable to noncontrolling interest	—	—	—	—	—	(1,076)	(1,076)
Cumulative translation adjustment	—	—	—	—	(12,493)	—	(12,493)
Vesting of restricted stock	71,212	7	(7)	—	—	—	—
Share based compensation	—	—	2,717	—	—	—	2,717
Forfeiture of certain shares to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vested	(3,986)	(1)	(118)	—	—	—	(119)
Common stock dividends paid, \$0.15 per share	—	—	—	(4,642)	—	—	(4,642)
Balance, June 30, 2021	<u>30,582,560</u>	<u>\$ 3,058</u>	<u>\$ 13,718</u>	<u>\$ 732,974</u>	<u>\$ (113,996)</u>	<u>\$ 46,049</u>	<u>\$ 681,803</u>

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

	<u>Common Stock</u>		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interest	Total
	Issued Shares	Amount					
Balance, April 1, 2020	30,475,994	\$ 3,048	\$ 8,211	\$ 639,596	\$ (128,192)	\$ 49,053	\$ 571,716
Net income attributable to Ebix, Inc.	—	—	—	23,475	—	—	23,475
Net loss attributable to noncontrolling interest	—	—	—	—	—	(211)	(211)
Cumulative translation adjustment	—	—	—	—	(4,277)	—	(4,277)
Vesting of restricted stock	31,909	3	(3)	—	—	—	—
Share based compensation	—	—	1,127	—	—	—	1,127
Common stock dividends paid, \$0.075 per share	—	—	—	(2,304)	—	—	(2,304)
Balance, June 30, 2020	<u>30,507,903</u>	<u>\$ 3,051</u>	<u>\$ 9,335</u>	<u>\$ 660,767</u>	<u>\$ (132,469)</u>	<u>\$ 48,842</u>	<u>\$ 589,526</u>

	<u>Common Stock</u>		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling interest	Total
	Issued Shares	Amount					
Balance, January 1, 2020	30,492,044	\$ 3,049	\$ 6,960	\$ 618,503	\$ (78,398)	\$ 49,331	\$ 599,445
Net income attributable to Ebix, Inc.	—	—	—	48,198	—	—	48,198
Net loss attributable to noncontrolling interest	—	—	—	—	—	(489)	(489)
Cumulative translation adjustment	—	—	—	—	(54,071)	—	(54,071)
Vesting of restricted stock	41,385	4	(4)	—	—	—	—
Exercise of stock options	30,000	3	633	—	—	—	636
Share based compensation	—	—	2,253	—	—	—	2,253
Forfeiture of certain shares to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vested	(55,526)	(5)	(507)	(1,329)	—	—	(1,841)
Common stock dividends paid, \$0.15 per share	—	—	—	(4,605)	—	—	(4,605)
Balance, June 30, 2020	<u>30,507,903</u>	<u>\$ 3,051</u>	<u>\$ 9,335</u>	<u>\$ 660,767</u>	<u>\$ (132,469)</u>	<u>\$ 48,842</u>	<u>\$ 589,526</u>

See accompanying notes to the condensed consolidated financial statements.

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

	Six Months Ended	
	June 30,	
	2021	2020
Cash flows from operating activities:		
Net income attributable to Ebix, Inc.	\$ 37,312	\$ 48,198
Net loss attributable to noncontrolling interest	(1,076)	(489)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	7,785	6,750
(Benefit) provision for deferred taxes	(3,175)	225
Share based compensation	2,717	2,253
Benefit for doubtful accounts	(2,815)	(50)
Amortization of right-of-use assets	2,507	3,257
Amortization of capitalized software development costs	1,647	1,670
Reduction of acquisition accruals	—	(3,308)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	2,025	14,190
Receivables from service providers	(8,592)	12,381
Payables to service agents	(1,154)	(7,802)
Other assets	(10,489)	(1,260)
Accounts payable and accrued expenses	(9,469)	(8,004)
Accrued payroll and related benefits	(1,318)	2,130
Contract liabilities	2,182	(306)
Lease liabilities	(264)	(3,008)
Reserve for potential uncertain income tax return positions	334	206
Other liabilities	3,503	(8,634)
Net cash provided by operating activities	21,660	58,399
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash acquired	—	(5,170)
Capitalized software development costs	(3,106)	(3,257)
Maturities (purchases) of unrestricted marketable securities, net	11,250	(27,301)
Capital expenditures	(1,705)	(757)
Net cash provided by (used in) investing activities	6,439	(36,485)
Cash flows from financing activities:		
Proceeds from revolving line of credit, net	—	1,364
Principal payments of term loan obligation	(31,297)	(9,414)
Proceeds from the exercise of stock options	—	636
Forfeiture of certain shares to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vested	(119)	(1,841)
Dividend payments	(4,642)	(4,605)
Payments of debt obligations	(149)	(119)
Payments of working capital facility, net	(6,886)	(19,763)
Payments of financing lease obligations	(48)	(113)
Net cash used in financing activities	(43,141)	(33,855)
Effect of foreign exchange rates on cash	(4,806)	(10,030)
Net change in cash and cash equivalents, and restricted cash	(19,848)	(21,971)
Cash and cash equivalents, and restricted cash at the beginning of the period	120,213	111,369
Cash and cash equivalents, and restricted cash at the end of the period	\$ 100,365	\$ 89,398
Supplemental disclosures of cash flow information:		
Interest paid	\$ 14,065	\$ 15,434
Income taxes paid	\$ 12,073	\$ 2,096

See accompanying notes to the condensed consolidated financial statements.

Supplemental schedule of noncash financing activities:

During the six months ended June 30, 2021, there were 3,986 shares, totaling \$119 thousand, used to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vesting.

During the six months ended June 30, 2020, there were 55,526 shares, totaling \$1.8 million, used to satisfy exercise costs and the recipients' income tax obligations related to stock options exercised and restricted stock vesting.

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 its subsidiaries, (“Ebix” or the “Company”) is a leading international supplier of on-demand infrastructure exchanges to the insurance, financial, travel, payment remittances, and healthcare industries. In the insurance sector, the Company’s main focus is to develop and deploy a wide variety of insurance and reinsurance exchanges on an on-demand basis using software-as-a-service (“SaaS”) enterprise solutions in the areas of customer relationship management (“CRM”), front-end and back-end systems, and outsourced administrative and risk compliance. The Company’s products feature fully customizable and scalable software solutions designed to streamline the way insurance and financial industry professionals manage distribution, marketing, sales, customer service, and accounting activities. With a “Phygital” strategy that combines physical distribution outlets in India and many Association of Southeast Asian Nations (“ASEAN”) countries to an Omni-channel online digital platform, the Company’s EbixCash financial exchange portfolio of software and services encompasses domestic and international money remittance, foreign exchange (“Forex”), travel, pre-paid gift cards, utility payments, lending, and wealth management in India and other Southeast Asian markets. The Company has its headquarters in Johns Creek, Georgia and also conducts operating activities in Australia, Canada, India, New Zealand, Singapore, the United Kingdom, Brazil, the Philippines, Indonesia, Thailand and United Arab Emirates. International revenue accounted for 85.9% and 66.4% of the Company’s total revenue for the six months ended June 30, 2021 and 2020, respectively.

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 six months ended June 30, 2021 and 2020 are not necessarily indicative of the results that may be expected for future quarters or the full year of 2021. The condensed consolidated December 31, 2020 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 consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of revenue and expenses during those reporting periods. Management has made material estimates primarily with respect to revenue recognition and contract liabilities, accounts receivable, acquired intangible assets, annual impairment reviews of goodwill and indefinite-lived intangible assets, investments, contingent earn out liabilities in connection with business acquisitions, and the provision for income taxes. Actual results may be different from those estimates.

Reclassification - Certain prior year amounts have been reclassified to be consistent with current year presentation within our financial statements.

Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturity of three months or less at the time of purchase to be cash equivalents. Such investments are stated at cost, which approximates fair value. The Company does maintain cash balances in banking institutions in excess of federally insured amounts and therefore is exposed to the related potential credit risk associated with such cash deposits.

Short-Term Investments - The Company’s primary short-term investments consist of certificates of deposit with established commercial banking institutions in India that have readily determinable fair values. Ebix accounts for such investments that are reasonably expected to be realized in cash, sold or consumed during the year as short-term investments that are available-for-sale. The carrying amount of investments in marketable securities approximates their fair value. The carrying value of short-term investments was \$13.9 million and \$25.0 million at June 30, 2021 and December 31, 2020.

Restricted Cash - The carrying value of our restricted cash in current assets was \$8.4 million and \$8.5 million at June 30, 2021 and December 31, 2020, respectively. The June 30, 2021 balance consists of fixed deposits (many in the form of certificates of deposit) pledged with banks for issuance of bank guarantees and letters of credit related to our India operations for our working capital facilities.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated statement of financial position to the amounts shown in the Condensed Consolidated Statements of Cash Flows:

	As of	
	June 30,	
	2021	2020
	(In thousands)	
Cash and cash equivalents	\$ 85,069	\$ 77,315
Restricted cash	8,440	7,883
Restricted cash included in other long-term assets	6,856	4,200
Total cash, cash equivalents, and restricted cash shown in the Condensed Consolidated Statement of Cash Flows	\$ 100,365	\$ 89,398

Fiduciary Funds - Restricted - Due to the EbixHealth JV being a third party administrator ("TPA"), the Company collects premiums from insureds and, after deducting its fees, remits these premiums to insurance companies. Unremitted insurance premiums and/or claim funds established for the benefit for various carriers are held in a fiduciary capacity until disbursed by the Company. The use of premiums collected from insureds but not yet remitted to insurance companies is restricted by law in certain states. The total assets held on behalf of others, \$2.6 million and \$4.1 million at June 30, 2021 and December 31, 2020, respectively, are recorded as an asset and offsetting fiduciary funds - restricted liability.

Advertising—Advertising costs amounted to \$1.2 million and \$2.8 million for the three and six month periods ended June 30, 2021, respectively, and \$1.1 million and \$2.6 million for the three and six month periods ended June 30, 2020, respectively. The costs are included in sales and marketing expenses in the accompanying Condensed Consolidated Statements of Income. The Company expenses advertising costs as incurred.

Fair Value of Financial Instruments — The Company follows the relevant GAAP guidance regarding the determination and measurement of the fair value of assets/liabilities in which fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exist price) in the principal or most advantageous market for the asset or liability in an orderly transaction valuation hierarchy, which requires and entity to maximize the use of observable inputs when measuring fair value. This guidance establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The hierarchy 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, which 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 June 30, 2021, the Company had the following financial instruments to which it had to both consider fair values and make fair value assessments:

- Short-term investments (commercial bank certificates of deposits and mutual funds), for which the fair values are measured as a Level 1 instrument for mutual funds and a Level 2 instrument for certificates of deposit.

- 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 re-measured quarterly based on the then assessed fair value and adjusted if necessary. The increases or decreases in the fair value of contingent consideration 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 June 30, 2021 that require disclosure of fair values include: cash and cash equivalents, restricted cash, fiduciary funds, accounts receivable, receivables from service providers, accounts payable and accrued expenses, accrued payroll and related benefits, payables to service agents, finance lease obligations, working capital facilities, the revolving line of credit and term loan debt. The Company believes that the estimated fair value of such instruments at June 30, 2021 and December 31, 2020 approximates their carrying value as reported on the Company's Condensed Consolidated Balance Sheets.

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:

Descriptions	Fair Values at Reporting Date Using*			
	Balance, June 30, 2021	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				
Commercial bank certificates of deposits (\$7.0 million is recorded in the long term asset section of the Condensed Consolidated Balance Sheets in "Other Assets")	\$ 20,732	\$ —	\$ 20,732	\$ —
Mutual funds (recorded in the long term asset section of the Condensed Consolidated Balance Sheets in "Other Assets")	155	155	—	—
Total assets measured at fair value	\$ 20,887	\$ 155	\$ 20,732	\$ —
Liabilities				
Contingent accrued earn-out acquisition consideration (a)	\$ 2,560	\$ —	\$ —	\$ 2,560
Total liabilities measured at fair value	\$ 2,560	\$ —	\$ —	\$ 2,560

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

* During the six months ended June 30, 2021, there were no transfers between fair value Levels 1, 2 or 3.

Descriptions	Fair Values at Reporting Date Using*			
	Balance, December 31, 2020	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				
Commercial bank certificates of deposits (\$7.4 million is recorded in the long term asset section of the Condensed Consolidated Balance Sheets in "Other Assets")	\$ 32,072	\$ —	\$ 32,072	\$ —
Mutual funds	381	381	—	—
Total assets measured at fair value	\$ 32,453	\$ 381	\$ 32,072	\$ —
Liabilities				
Contingent accrued earn-out acquisition consideration (a)	\$ —	\$ —	\$ —	\$ —
Total liabilities measured at fair value	\$ —	\$ —	\$ —	\$ —

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

* During the year ended December 31, 2020, 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 six months ended June 30, 2021 and during the year ended December 31, 2020:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Contingent Liability for Accrued Earn-out Acquisition Consideration	June 30, 2021	December 31, 2020
	(In thousands)	
Beginning balance	\$ —	\$ 10,095
Total remeasurement adjustments:		
Gains included in earnings **	—	(3,105)
Remeasurement against goodwill	2,560	—
Foreign currency translation adjustments ***	—	(537)
Acquisitions and settlements		
Business settlements	—	(6,453)
Ending balance	<u>\$ 2,560</u>	<u>\$ —</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.	<u>\$ —</u>	<u>\$ (3,105)</u>

** recorded as a reduction to 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 June 30, 2021	Valuation Technique	Significant Unobservable Input
Contingent acquisition consideration:	\$2,560	Discounted cash flow	Projected revenue and probability of achievement

(In thousands)	Fair Value at December 31, 2020	Valuation Technique	Significant Unobservable Input
Contingent acquisition consideration:	\$—	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 considers the probability of achievement of those revenue forecasts. The Company applies these inputs in its calculation and determination of the fair value of contingent earn-out liabilities for purchased businesses. During 2020 and the six months ended June 30, 2021, 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 preliminary.

Revenue Recognition and Contract Liabilities—The Company derives its revenues primarily from software subscription and transaction fees, software license fees, financial transaction fees, risk compliance solution services fees, and professional service fees, 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.

The Company determines revenue recognition by applying the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

The Company analyzes its different services individually to determine the appropriate basis for revenue recognition, as further described below. Additionally, certain services exist in multiple channels. As Ebix derives revenues from three product/service channels, EbixCash Exchanges, Insurance Exchanges, and Risk Compliance Solutions, for policy disclosure purposes, contracts are discussed in conjunction with the channel to which they are most significant.

The Company assesses the terms of customer contracts, including termination rights, penalties (implied or explicit), and renewal rights.

EbixCash Exchanges ("EbixCash")

EbixCash revenues are primarily derived from consideration paid by customers for financial transaction services, including services such as transferring or exchange money. The significant majority of EbixCash revenue is for a single performance obligation and is recognized at a point in time. These revenues vary by transaction based upon channel, send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, and speed of service, as applicable.

EbixCash also offers several other services, including payment services and ticketing and travel services, for which revenue is impacted by various factors. EbixCash acts as the principal in most transactions and reports revenue on a gross basis, as EbixCash controls the service at all times prior to transfer to the customer, is primarily responsible for fulfilling the customer contracts, has the risk of loss, and has the ability to establish transaction prices. The main services from which EbixCash derives revenue are as follow:

Gift Cards

EbixCash sells general purpose prepaid gift cards to corporate customers and consumers that can be later redeemed at various merchants. The gift cards are co-branded between EbixCash and its card-issuing banking partner(s) and are affiliated with major payment associations such as Visa, Mastercard, and Rupay. The gift cards are sold to a diversified set of corporate customers from various industries. The gift cards are used by corporate customers to disburse incentives to the end users, which are primarily their employees, agents and business associates. The gift cards sold by EbixCash are not reloadable, cannot be used at ATMs or for any other cash-out or funds transfer transactions, and are subject to maximum limits per card (currently 10,000 INR or approximately \$140). Gift cards issued by EbixCash are valid for a period of 15 months from the date of issuance for virtual cards and three years for physical cards. EbixCash has entered into arrangements with banks and financial institutions to settle payments to merchants based on utilization of the gift cards.

The Company has end-to-end responsibilities related to the gift cards sold, from the activation and ongoing utilization of the gift cards to customer service responsibilities to risk of loss due to fraud on the gift cards sold. EbixCash acts a principal in the sale of gift card and, thus, gift card revenue is recognized on a gross basis (full purchase value at the time of sale) with the corresponding cost of the gift cards recorded as cost of services provided. Unredeemed gift cards at June 30, 2021 are recorded as deferred revenues in the financial results.

EbixCash Travel Exchanges

EbixCash Travel revenues are primarily derived from commissions and transaction fees received from various travel providers and international exchanges involved in the sale of travel to the consumer. EbixCash Travel revenue is for a single performance obligation and is recognized at a point in time. Travel revenues include reservation commissions, segment fees from global travel exchange providers, and transaction net revenues (i.e., the amount charged to travelers less the amount owed to travel service providers) in connection with our reservation services; ancillary fees, including travel insurance-related revenues and certain reservation booking fees; and credit card processing rebates and customer processing fees. EbixCash Travel services include the sale of hotel rooms, airline tickets, bus tickets and train tickets. EbixCash's Travel revenue is also derived from ticket sales, wherein the commissions payable to EbixCash Travel, along with any transaction fees paid by travel providers and travel exchanges, is recognized as revenue after completion of the service. The transaction price on such services is agreed upon at the time of the purchase.

EbixCash Travel revenue for the corporate MICE (Meetings, Incentives, Conferences, and Exhibitions) packages is recognized at full purchase value at the completion of the obligation, with the corresponding costs recorded under direct expenses. For MICE revenues, EbixCash Travel acts as the principal in transactions and, accordingly, reports revenue on a gross basis. EbixCash Travel controls the service at all times prior to transfer to the customer, is responsible for fulfilling the customer contracts, has the risk of loss, and has the ability to establish transaction prices.

EbixCash Money Transfer

For the EbixCash money transfer business, EbixCash has one performance obligation whereupon the customer engages EbixCash to perform one integrated service. This typically occurs instantaneously when the beneficiary entitled to receive the money transferred by the sender visits the EbixCash outlet and collects the money. Accordingly, EbixCash recognizes revenue upon completion of the following: 1) the customer's acknowledgment of EbixCash's terms and conditions and the receipt of payment information, 2) the money transfer has been processed, 3) the customer has received a unique transaction identification number, and 4) funds are available to be picked up by the beneficiary. The transaction price is comprised of a transaction fee and the difference between the exchange rate set by EbixCash to the customer and the rate available in the wholesale foreign exchange market, as applicable, both of which are readily determinable at the time the transaction is initiated.

Foreign Exchange and Outward Remittance Services

For EbixCash's foreign exchange and payment services, customers agree to terms and conditions for all transactions, either at the time of initiating a transaction or signing a contract with EbixCash to provide payment services on the customer's behalf. In the majority of EbixCash's foreign exchange and payment services transactions, EbixCash makes payments to the recipient to satisfy its performance obligation to the customer, and, therefore, EbixCash recognizes revenue on foreign exchange and payment when this performance obligation has been fulfilled.

Consumer Payment Services

EbixCash offers several different bill payment services that vary by considerations such as: 1) who pays the fee to EbixCash (consumer or biller), 2) whether or not the service is offered to all potential consumers, or only to those for EbixCash has a relationship with the biller and 3) whether the service utilizes a physical agent network offered for consumers' convenience, among other factors. The determination of which party is EbixCash's customer for revenue recognition purposes is based on these considerations for each of EbixCash's bill payment services. For all transactions, EbixCash's customers agree to EbixCash's terms and conditions, either at the time of initiating a transaction (where the consumer is determined to be the customer for revenue recognition purposes) or upon signing a contract with EbixCash to provide services on the biller's behalf (where the biller is determined to be the customer for revenue recognition purposes). As with consumer money transfers, customers engage EbixCash to perform one integrated service - collecting money from the consumer and processing the bill payment transaction. This service provides the billers real-time or near real-time information regarding their customers' payments, thus simplifying the billers' collection efforts. The transaction price on bill payment services is contractual and determinable. Certain biller agreements may include per-transaction or fixed periodic rebates, which EbixCash records as a reduction to revenue.

EbixCash Technology Services

EbixCash also offers on-demand technology to various providers in the area of lending, wealth and asset management, and travel across the world.

Insurance Exchanges

Insurance Exchanges revenues are primarily derived from consideration paid by customers related to our SaaS platforms, related services and the licensing of software. A typical contract for our SaaS platform will also include services for setup, customization, transaction processing, maintenance, and/or hosting. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require significant judgment. Set-up and customization services related to our SaaS platforms are not considered to be distinct from the usage fees associated with the SaaS platform and, accordingly, are accounted for as a single performance obligation. These services, along with the usage or transaction fees, are recognized over the contract duration, which considers the significance of the upfront fees in the context of the contract and which may, therefore, exceed the initial contracted term. A customer's transaction volume tends to remain fairly consistent during the contract period without significant fluctuations. The invoiced amount is a reasonable approximation of the revenue that would be allocated to the related period under the variable consideration guidelines in ASC 606-10-32-40. To the extent that a SaaS contract includes subscription services or professional services, apart from the upfront customization, these are considered separate performance obligations. The Company also has separate software licensing (on premise/perpetual), unrelated to the SaaS platforms, which is recognized at a point in time when the license is transferred to the customer.

Contracts generally do not contain a right of return or refund provisions. Our contracts often do contain overage fees, contingent fees, or service level penalties that are accounted for as variable consideration. Revenue accounted for as variable consideration is recognized using the "right to invoice" practical expedient when the invoiced amount equals the value provided to the customer.

Software-as-a-Service

The Company allocates the transaction price to each distinct performance obligation using the relative stand-alone selling price. Determining the stand-alone selling price may require significant judgment. The stand-alone selling price is the price at which an entity has sold or would sell a promised good or service separately to a customer. The Company determines the stand-alone selling price based on the observable price of products or services sold separately in comparable circumstances, when such observable prices are available. When standalone selling price is not directly observable, the Company estimates the stand-alone selling price using the market assessment approach by considering historical pricing and other market factors.

Software Licenses

Software license revenues attributable to a software license that is a separate performance obligation are recognized at the point in time that the customer obtains control of the license.

Subscription Services

Subscription services revenues are associated with performance obligations that are satisfied over specific time periods and primarily consist of post-contract support services. Revenue is generally recognized ratably over the contract term. Our subscription contracts are generally for an initial three-year period with subsequent one-year automatic renewals.

Transaction Fees

Transaction revenue is comprised of fees applied to the volume of transactions that are processed through our SaaS platforms. These fees are typically based on a per-transaction rate and are invoiced for the same period in which the transactions were processed and as the performance obligation is satisfied. The amount invoiced generally equals the value provided to the customer, and revenue is typically recognized when invoiced using the as-invoiced practical expedient.

Professional Services

Professional service revenue primarily consists of fees for setup, customization, training, or consulting services. Professional service fees are generally on a time and materials basis or a fixed fee basis. Revenues for time and materials are recognized as such services are rendered, while fixed fee revenues are recognized based on the input method that is driven by the expected hours to complete the project measured against the actual hours completed to date. Professional services, particularly related to SaaS platforms, may have significant dependencies on the related licensed software and may not be considered a distinct performance obligation.

Risk Compliance Solutions ("RCS")

RCS revenues consist of two revenue streams - Certificates of Insurance ("COI") and Consulting Services. COI revenues are derived from consideration paid by customers for the creation and tracking of certificates of insurance. These are transactional-based revenues. Consulting Services revenues are driven by distinct consulting service engagements rendered to customers for which revenues are recognized using the output method on a time and material basis as the services are performed.

COI Creation and Tracking

The Company provides services to issue and track certificates of insurance in the U.S. and Australian markets. Revenue is derived from transaction fees for each certificate issued or tracked. The Company recognizes revenue at the issuance of each certificate or over the period the certificate is being tracked.

Consulting Services

The Company provides consulting services to clients around the world for project management and development. Consulting services fees are generally on a time and materials basis or a fixed fee basis. Revenues for time and materials are recognized using an output method as the services are rendered, while fixed fee revenues are recognized based on the input method driven by the expected hours to complete the project measured against the actual hours completed to date.

Disaggregation of Revenue

The following tables present revenue disaggregated by primary geographical regions and product/service channels for the three and six months ended June 30, 2021 and 2020:

Revenue:	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
India*	\$ 188,612	\$ 52,635	\$ 420,153	\$ 126,550
United States	37,722	41,714	75,788	83,626
Australia	8,688	7,399	18,372	15,585
Latin America	3,095	3,577	6,193	7,814
Europe	4,064	3,249	8,168	6,530
Canada	1,595	1,119	2,745	2,233
Singapore*	1,125	795	2,194	2,048
Indonesia*	459	179	864	2,321
United Arab Emirates*	28	10	28	134
Philippines*	383	253	827	1,529
New Zealand	551	382	1,043	818
	\$ 246,322	\$ 111,312	\$ 536,375	\$ 249,188

*Primarily India led businesses for which total revenue was \$189.9 million and \$422.5 million for the three and six months ended June 30, 2021, respectively, and \$53.2 million and \$131.1 million for the three and six months ended June 30, 2020, respectively.

The Company's revenues are derived from three product/service channels: EbixCash Exchanges, Insurance Exchanges, and Risk Compliance Solutions ("RCS").

Presented in the table below is the breakout of our revenue streams for each of those product/service channels for the three and six months ended June 30, 2021 and 2020.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(In thousands)			
EbixCash Exchanges	189,947	53,240	422,499	131,095
Insurance Exchanges	41,916	42,959	85,151	86,960
Risk Compliance Solutions	14,459	15,113	28,725	31,133
Totals	\$ 246,322	\$ 111,312	\$ 536,375	\$ 249,188

Costs to Obtain and Fulfill a Contract

The Company’s capitalized costs are primarily derived from the fulfillment of SaaS-related setup and customizations, from which the customer receives benefit through continued access to and use of the SaaS product platforms. In accordance with the guidance in ASC 340-40-25-5, we capitalize the costs directly related to the setup and development of these customizations, which satisfy the Company’s performance obligation with respect to access to the Company’s underlying product platforms. The capitalized costs primarily consist of the salaries of the developers directly involved in fulfilling the project and are solely based on the time spent on that project. The Company amortizes the capitalized costs ratably over the expected useful life of the related customizations, matching our treatment for the related revenue, and the capitalized costs are recoverable from profit margin included in the contract. At June 30, 2021 and December 31, 2020, the Company had \$554 thousand and \$646 thousand, respectively, of contract costs in “Other current assets” and \$1.0 million and \$1.0 million, respectively, in “Other assets” on the Company’s Condensed Consolidated Balance Sheets.

	June 30, 2021		December 31, 2020	
	(Unaudited)			
	(In thousands)			
Balance, beginning of period	\$	1,630	\$	1,897
Costs recognized from the beginning balance		(342)		(743)
Additions, net of costs recognized		294		476
Balance, end of period	\$	1,582	\$	1,630

Contract Liabilities

Contract liabilities include payments or billings that have been received or made prior to performance. In certain cases, cash collections pertain to maintenance and support fees, initial setup or registration fees under hosting agreements, software license fees received in advance of delivery and acceptance, and software development fees paid in advance of completion and delivery. Approximately \$7.4 million and \$7.2 million of contract liabilities were included in billed accounts receivable as of June 30, 2021 and December 31, 2020, respectively.

The Company records contract liabilities when it receives payments or invoices in advance of the performance of services. A significant portion of this balance relates to contracts where the customer has paid in advance for the use of the Company’s SaaS platforms over a specified period of time. These advanced payments are recognized as the related performance obligation is fulfilled (generally less than one year). Part of our performance obligation for these contracts consists of the requirement to provide customers with continued access to, and use of, the SaaS platforms and associated customizations. Without continued access to the SaaS platform, the customizations have no separate benefit to the customer. Our customers simultaneously receive and consume the benefits as we provide access over time. The remaining portion of the contract liabilities balance consists primarily of customer-specific customizations that are not distinct from related performance obligations that transfer over time. This portion is recognized over the expected useful life of the customizations.

	June 30, 2021	December 31, 2020
	(Unaudited)	
	(In thousands)	
Balance, beginning of period	\$ 40,930	\$ 37,253
Revenue recognized from beginning balance	(20,866)	(32,783)
Additions from business acquisitions	—	—
Additions, net of revenue recognized and currency translation	22,982	36,460
Balance, end of period	\$ 43,046	\$ 40,930

Accounts Receivable and the Allowance for Doubtful Accounts—As of June 30, 2021, reported accounts receivable of \$142.4 million (net of \$19.4 million allowance for doubtful accounts receivable) includes \$46.1 million of contract assets. As of December 31, 2020, reported accounts receivable of \$142.8 million (net of \$22.7 million allowance for doubtful accounts receivable) includes \$45.2 million of contract assets. The Company records a contract asset when revenue recognized on a contract exceeds the billings. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. These contract assets are primarily related to project based revenue where we recognize revenue using the input method calculated using expected hours to complete the project measured against the actual hours completed to date. Management specifically analyzes accounts receivable, 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. The Company recognized bad debt (benefit) provision for doubtful accounts in the amount of (755) thousand and (\$2.8) million for the three and six month period ended June 30, 2021, respectively, and \$568 thousand and \$(50) thousand for the three and six month period ended June 30, 2020, respectively.

Capitalized Software Development Costs — In accordance with ASC 350-40 "Internal-Use Software" and ASC 350-985 "Software" the Company expenses 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. The periodic expense for the amortization of previously capitalized software development costs is included in costs of services provided. See Note 10 "Capitalized Software Development Costs" for further details.

Goodwill and Indefinite-Lived Intangible Assets—Goodwill represents the cost in excess of the fair value of the identifiable net assets from the businesses that we acquire. In accordance with ASC 350, "Goodwill and Other Intangible Assets" and ASU No. 2011-08, "Testing Goodwill for Impairment", goodwill is tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurred or circumstances change that would indicate that fair value of our reporting unit decreased below its carrying value. Potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, customer retention and the sale or disposition of a significant portion of the business. The Company applies the accounting guidance concerning goodwill impairment evaluation, whereby the Company first assesses 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 a reporting unit was less than its carrying amount. If after assessing the totality of events and circumstances, we were to determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we would perform quantitative impairment testing.

We perform our annual goodwill impairment evaluation and testing as of October 1st of each year or, when events or circumstances dictate, more frequently. No goodwill impairments have occurred nor recognized in 2020 or through June 30, 2021.

The Company has considered the guidance within ASC 350 "Goodwill and Other Intangible Assets" and ASC 280 "Segment Reporting" in concluding that Ebix effectively operates as one operating and reportable segment and one reporting unit.

The Company's indefinite-lived assets are primarily associated with the estimated fair value of the contractual customer relationships existing with the property and casualty insurance carriers in Australia using the Company's property and casualty ("P&C") data exchange. Indefinite-lived intangible assets are not amortized, but rather are tested for impairment annually and tested on an interim basis if a triggering event has occurred.

Finite-lived Intangible Assets—Purchased intangible assets represent the estimated acquisition date fair value of customer relationships, developed technology, trademarks, non-compete agreements and other intangibles described below

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)
Airport contracts	9
Backlog	1-1.5
Brand	15
Customer relationships	7-20
Database	10
Dealer networks	15-20
Developed technology	3-12
Non-compete agreements	5
Store networks	5
Trademarks	3-15

Foreign Currency Translation—The functional currency is the U.S. Dollar for the Company's foreign subsidiaries in Dubai and Singapore, because the intellectual property research and development activities provided by its Dubai and Singapore subsidiaries are in support of the Company's operating divisions across the world, which are primarily transacted in U.S. Dollars.

During the three months ended June 30, 2021, the net change in the cumulative foreign currency translation account, which is a component of accumulated other comprehensive loss within stockholders' equity, was an unrealized loss of \$8.6 million, of which \$11.0 million was caused by the 1.3% weakening of the Indian rupee.

During the six months ended June 30, 2021, the net change in the cumulative foreign currency translation account, which is a component of accumulated other comprehensive loss within stockholders' equity, was an unrealized loss of \$12.5 million, of which \$13.2 million was caused by the 1.7% weakening of the Indian rupee.

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 Condensed 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 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.

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

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): "Simplifying the Accounting for Income Taxes". ASU 2019-12 is expected to reduce the cost and complexity related to the accounting for income taxes by eliminating the need for an entity to analyze whether the following apply to a given reporting period:

- Exception to the incremental approach for intra period tax allocation;
- Exceptions to accounting for basis differences when there are ownership changes in foreign investments; and
- Exception in interim period income tax accounting for year-to-date losses that exceed anticipated losses.

For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The adoption of ASU 2019-12 has not had a material impact on the Company's operations. The Company continues to periodically assess the impact of this new pronouncement on its ongoing operations.

Recently-issued accounting guidance not discussed above is not applicable, is immaterial to our unaudited condensed consolidated financial statements, or did not or is not expected to have a material impact on our business.

Note 2: Earnings per Share

A reconciliation between basic and diluted earnings per share is as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Net income attributable to Ebix, Inc.	\$ 15,721	\$ 23,475	\$ 37,312	\$ 48,198
Basic weighted average shares outstanding	30,581	30,504	30,570	30,490
Dilutive effect of stock options and restricted stock awards	132	204	142	206
Diluted weighted average shares outstanding	30,713	30,708	30,712	30,696
Basic earnings per common share	<u>\$ 0.51</u>	<u>\$ 0.77</u>	<u>\$ 1.22</u>	<u>\$ 1.58</u>
Diluted earnings per common share	<u>\$ 0.51</u>	<u>\$ 0.76</u>	<u>\$ 1.21</u>	<u>\$ 1.57</u>

The number of potential issuable shares with respect to stock options, which could dilute EPS in the future but which were excluded from the diluted EPS calculation because presently their effect is anti-dilutive for the three and six month periods ended June 30, 2021 were 177,000 and 177,000, respectively, and for the three and six month periods ended June 30, 2020 were 181,875 and 181,875, respectively.

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 six months ending June 30, 2021, the Company completed no business acquisitions.

During the twelve months ended December 31, 2020, the Company completed two business acquisitions, as follows:

Effective May 4, 2020, Ebix acquired from bankruptcy India-based Trimax IT Infrastructure & Services Ltd ("Trimax"), which provides IT and integration services to state-owned transport corporations, operates data centers, and is an IT infrastructure solution provider, for approximately \$9.9 million of upfront consideration. Additionally, Ebix issued preferred shares in Trimax to the selling shareholders that can be sold five years from the closing of the acquisition based on an independent valuation performed by a Big 4 valuation firm. The maximum value of the preferred shares upon sales is approximately \$9.9 million. The valuation and purchase price allocation was finalized during the second quarter of 2021.

On October 1, 2020 the Company acquired a 70% interest in AssureEdge Global Services ("AssureEdge") for a total purchase price of approximately \$5.0 million, including net working capital acquired. AssureEdge is a pan-India based BPO company, with a variety of BPO offerings via six contact centers across the country. It serves a number of industries and clients that have cross-selling value for EbixCash services. The valuation and purchase price allocation remains preliminary and will be finalized as soon as practicable, but in no event longer than one year from the effective date of this transaction.

A significant component of the purchase price consideration for many of the Company's business acquisitions is a potential subsequent cash earn-out 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 to achieve over the agreed upon period post acquisition to earn the 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. As of June 30, 2021, the total of these contingent consideration liabilities was \$2.6 million, while at December 31, 2020, the total of these contingent consideration liabilities was \$0.

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 (including identified intangible assets acquired) and liabilities assumed is recorded as goodwill.

Note 4: Debt

The Company maintains a senior secured syndicated credit facility, dated August 5, 2014, among Ebix, Inc., as borrower, its subsidiaries party thereto from time to time as guarantors, Regions Bank (as administrative agent and collateral agent) and the lenders party thereto from time to time (as amended from time to time, the "Credit Facility") that provides a \$450 million revolving line of credit (the "Revolver") as well as a term loan (the "Term Loan"), which at June 30, 2021 had a balance of \$224.2 million. The Credit Facility matures in February 2023.

On April 9, 2021, The Company entered into Amendment No. 12 to its Credit Facility. Amendment No. 12 provided for, among other things, a waiver of any potential event of default arising under the Credit Facility from the failure to timely deliver the Company's audited financial consolidated financial statements and related compliance certificate for the year ended December 31, 2020, provided that there is no good faith determination by the requisite lenders under the Credit Facility of a "Material Circumstance" (as defined and further described in Amendment No. 12), which determination (if any) may only be made within a specified period described in Amendment No. 12 and is subject to certain cure rights of the Company. Amendment No. 12 also modified the applicable margin that applies from the date of the amendment forward, modified certain mandatory prepayment provisions, as well as certain other covenants related to restricted payments, investments and certain reporting requirements.

On March 31, 2021, Ebix entered into Amendment No. 11 to the Credit Facility. Amendment No. 11 provided, for, among other things, a limited waiver through April 10, 2021, of any potential event of default arising under the Credit Facility from failure to deliver the Company's audited consolidated financial statements and related compliance certificate for the year ended December 31, 2020. Amendment No. 11 also modified certain covenants contained in the Credit Facility, including with respect to certain permitted restricted payments and investments.

On May 7, 2020, Ebix entered into Amendment No. 10 to the Credit Facility. Amendment No. 10 provided for, among other things, increased flexibility under financial maintenance covenants, which the Company sought in part due to the unforeseen negative effects of the COVID-19 pandemic.

On March 30, 2020, the Company and certain of its subsidiaries entered into a waiver related to the Credit Facility (the "Waiver"). The Waiver provided that so long as the Company's leverage ratio is below 5.0 to 1.0 for the Company's fiscal quarter ending March 31, 2020 pursuant to the terms of its compliance certificate required by the Credit Facility, the existing leverage ratio requirement of 3.5 to 1.0 was waived.

At June 30, 2021, the Company's Condensed Consolidated Balance Sheets include \$6.2 million of remaining deferred financing costs in connection with the Credit Facility, which are being amortized as a component of interest expense through the maturity of the Credit Facility in February 2023. \$3.7 million of such deferred financing costs pertain to the Revolver, and \$2.5 million pertains to the Term Loan, of which \$1.5 million is netted against the current portion of the Term Loan and \$986 thousand is netted against the long-term portion of the Term Loan as reported on the Condensed Consolidated Balance Sheets. At December 31, 2020, the Company's Consolidated Balance Sheets included \$4.9 million of remaining deferred financing costs in connection with the Credit Facility, with \$2.9 million pertaining to the Revolver, and \$2.0 million pertaining to the Term Loan, of which \$919 thousand was netted against the current portion of the Term Loan and \$1 million was netted against the long-term portion of the Term Loan as reported on the Condensed Consolidated Balance Sheets.

At June 30, 2021, the outstanding balance on the Revolver was \$439.4 million and the facility carried an interest rate of 5.50% at June 30, 2021, an increase from 3.50% at the closing of Amendment No. 12 to the Credit Facility. The balance on the Revolver is included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During the six months ended June 30, 2021, the average and maximum outstanding balances of the revolving line of credit component of the credit facility were \$439.4 million and \$439.4 million, respectively. At December 31, 2020, the outstanding balance on the revolving line of credit with Regions was \$439.4 million and the facility carried an interest rate of 3.50%. This balance was included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During 2020, the average and maximum outstanding balances on the revolving line of credit were \$438.9 million and \$439.4 million, respectively.

At June 30, 2021, the outstanding balance on the Term Loan was \$224.2 million, of which \$24.5 million is due within the next twelve months. \$31.3 million of principal payments were made during the six months ended June 30, 2021, of which \$11.3 million were scheduled amortization payments. This term loan also carried an interest rate of 5.50% at June 30, 2021, subject to the same above mentioned increase in interest rate as the Revolver. 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 \$24.5 million and \$199.7 million, respectively at June 30, 2021. At December 31, 2020, the outstanding balance on the Term Loan was \$255.5 million, of which \$22.6 million was due within twelve months. The Term Loan also carried an interest rate of 3.50% during the quarter ended December 31, 2020.

The Company maintains working capital debt facilities with banks in India for working capital funding requirements to support our foreign exchange and payment remittance businesses. We are required to extend short term credits to franchisee networks (B2B) and corporate customers. Additionally we are required to maintain minimum levels of foreign currency inventory across branches and airport operations. Typically, these facilities carry interest rates of 6.75% to 9.45%, are rupee-denominated working capital lines, and are collateralized against the receivables of these businesses and existing foreign currency inventory on hand.

As of June 30, 2021 and December 31, 2020, the total of these working capital facilities was \$9.7 million and \$16.6 million, respectively, and is included in current liabilities in the Company's Condensed Consolidated Balance Sheets.

Note 5: Commitments and Contingencies

Contingencies — On February 22, 2021, Christine Marie Teifke, a purported purchaser of Ebix securities, filed a putative class action in the United States District Court for the Southern District of New York, captioned *Teifke v. Ebix, Inc., et. al.*, Case No. 1:21-cv-01589-JMF, on behalf of herself and others who purchased or acquired Ebix securities between November 9, 2020 and February 19, 2021. The complaint asserts claims against the Company, Robin Raina, and Steven M. Hamil, for purported violations of Section 10(b) of the Securities Exchange Act of 1934, alleging that Ebix made false and misleading statements and failed to disclose material adverse facts about an audit of the company's gift card business in India and its internal controls over the gift and prepaid card revenue transaction cycle. The complaint alleges that Ebix's stock price fell as a result of the revelation that Ebix's independent auditor, RSM US LLP ("RSM"), had resigned, citing concerns with the company's internal controls and disagreements over other accounting issues. The complaint also asserts a claim against Robin Raina and Steven M. Hamil for purported violations of Section 20(a) of the Exchange Act arising out of the same facts. The complaint seeks, among other relief, damages and attorneys' fees and costs. On May 11, 2021, the court issued an order appointing Rahul Saraf, another purported purchaser of Ebix, Inc. securities, as lead plaintiff in the action, and the caption in the action was changed to *Saraf v. Ebix, Inc., et. al.*, Case No. 1:21-cv-01589-JMF (the "Class Action").

On May 14, 2021, Javier Calvo, a purported shareholder of the Company, filed a derivative action in the United States District Court for the Southern District of New York on behalf of Ebix captioned *Calvo v. Raina, et. al.*, Case No. 21-cv-4380-JMF (the "Calvo Action"), against individual defendants Robin Raina, Steven M Hamil, Hans U. Benz, Rolf Herter, Neil D. Eckert, Pavan Bhalla, Hans Ueli Keller, and George W. Hebard, and nominal defendant Ebix asserting claims related to the

RSM resignation. The complaint asserts claims of breach of fiduciary duty against all of the individual defendants, and also asserts claims under Sections 10(b) and 21D of the Securities Exchange Act of 1934 for contribution against Robin Raina and Steven M Hamil. On July 7, 2021, the court granted a stipulation and order staying the Calvo Action pending the resolution of any motion(s) to dismiss the Class Action.

On July 13, 2021, Peter Votto, another purported Ebix shareholder, filed an additional derivative action in the United States District Court for the Southern District of New York on behalf of Ebix, captioned *Votto v. Raina, et. al.*, Case No. 21-cv-5982-JMF (the "Votto Action"), asserting claims against the same defendants as the Calvo Action. The complaint asserts claims relating to the RSM resignation against all of the individual defendants for breach of fiduciary duties, unjust enrichment, waste of corporate assets, and rescission under Section 29(b) of the Securities Exchange Act of 1934, and claims for contribution under Sections 10(b) and 21D of the Securities Exchange Act of 1934 against Robin Raina and Steven M Hamil. On July 23, 2021, the court granted a stipulation and order consolidating the Calvo and Votto Actions. The July 7, 2021 order staying the Calvo Action pending the resolution of any motion(s) to dismiss the Class Action remains in effect for the consolidated Calvo and Votto Actions.

On July 16, 2019, Yatra Online, Inc. ("Yatra"), Ebix, Inc. ("Ebix"), and EbixCash Travels, Inc. ("Merger Sub") entered into a Merger Agreement. On May 14, 2020, Yatra entered into an agreement with Ebix and Merger Sub extending the outside date of the Merger Agreement (the "Extension Agreement"). On June 5, 2020, Yatra terminated the Merger Agreement and filed a complaint in the Delaware Court of Chancery against Ebix and Merger Sub (the "Complaint"). On September 25, 2020, Yatra amended the Complaint and added as a defendant each financial institution (each, a "Defendant Lender") party to that certain credit facility between them and Ebix, most recently amended on May 7, 2020 (the "Credit Facility"). The Complaint, as amended, alleges that Ebix and Merger Sub breached certain representations, warranties, and covenants contained in the Merger Agreement and the Extension Agreement and that Ebix negotiated in bad faith. The amended Complaint also alleges fraudulent actions by Ebix and the Defendant Lenders arising from certain terms of the Credit Facility and tortious interference with the closing of the Merger Agreement by Ebix and the Defendant Lenders. The Complaint seeks, among other relief, damages, pre-judgment and post-judgment interest, and attorneys' fees and costs. Ebix and Merger Sub deny any liability and intend to defend the action vigorously.

On May 12, 2017, Ebix Software India Pvt. Ltd. ("Ebixcash") entered into several agreements with the most prominent shareholders of Itz Cash Card Limited ("Itz"), the most relevant among these a stock purchase agreement (the "SPA"), to purchase a majority ownership stake in Itz. Further, as part of the overall purchase of Itz, a share purchase agreement between Ebixcash and individual ESOP holders of Itz was entered into on July 7, 2017 (the "ESOP SPA") (with the SPA, the ESOP SPA and the other purchase documents, collectively, the "Transaction Documents"). Part of the consideration for Ebixcash's purchase of Itz consisted of two individual potential earn-out payments, the first for the year ended March 31, 2019 (the "First Earn-Out") and the second for the following year, ending on March 31, 2020 (the "Second Earn-Out"). Neither the First Earn-Out nor the Second Earn-Out were achieved pursuant to the terms of the SPA. After correspondence between the parties between September 2019 and May 2020, the former shareholders of Itz ("Sellers") sent Ebixcash notices of arbitration ("NOAs") under which they were availing themselves of the arbitration dispute provisions set forth in the Transaction Documents. Apart from the amounts claimed owed under the earn-out provisions, the Sellers also alleged in the NOAs other violations of the terms of the Transaction Documents, including, certain non-competition and restricted matter approval violations. The matter is under arbitration in accordance with the rules of the Singapore International Arbitration Centre. The Company believes that each of the Sellers claims is without merit and continues to defend its position vigorously. The Company believes that Ebixcash has several viable counterclaims related to improper termination of the Transaction Documents and violation of non-compete provisions.

The Company is involved in various other claims and legal actions arising in the ordinary course of business, which 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.

Note 6: Income Taxes

The Company recorded a net income tax expense of \$627 thousand (4.03%) and \$1.8 million (4.80%) during the three and six months ended June 30, 2021, respectively, which included tax expense of \$358 thousand and \$696 thousand from certain discrete items related to stock compensation and uncertain tax positions during the three and six months ended June 30, 2021, respectively. The income tax expense, exclusive of discrete items, was \$269 thousand (1.73%) and \$1.1 million (2.98%) for the three and six months ended June 30, 2021, respectively. The Company expects its full year effective tax rate to be in the range of 2.5% to 3.5%.

As of June 30, 2021 and December 31, 2020 a liability of \$8.9 million and \$8.3 million for uncertain tax positions is included in other long-term liabilities of the Company's Condensed Consolidated Balance Sheets. The Company increased this liability reserve by \$227 thousand and \$561 thousand, respectively, during the three and six months ended June 30, 2021 and

by \$137 thousand and \$206 thousand, respectively, during the three and six months ended June 30, 2020. 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 within one reportable segment whose results are regularly reviewed by the Company's CEO, its 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 from an Ebix subsidiary located in that country.

The following enterprise-wide information relates to the Company's geographic locations, with almost all geographies being impacted in varying degrees by the COVID-19 pandemic:

	Six Months Ended June 30, 2021	As of June 30, 2021	Six Months Ended June 30, 2020	As of December 31, 2020
	External Revenues	Long-lived assets	External Revenues	Long-lived assets
(In thousands)				
India*	\$ 420,153	\$ 706,516	\$ 126,550	\$ 698,936
United States	75,788	378,486	83,626	381,782
Australia	18,372	3,152	15,585	3,581
Latin America	6,193	14,219	7,814	13,723
Europe	8,168	24,450	6,530	22,900
Indonesia*	864	117	2,321	139
Singapore*	2,194	19,241	2,048	19,336
Philippines*	827	667	1,529	661
Canada	2,745	6,026	2,233	6,930
New Zealand	1,043	436	818	513
United Arab Emirates*	28	54,499	134	54,789
Mauritius*	—	4,663	—	4,665
	\$ 536,375	\$ 1,212,472	\$ 249,188	\$ 1,207,955

*Primarily India led businesses for which total revenue was \$189.9 million and \$422.5 million for the three and six months ended June 30, 2021, respectively, and \$53.2 million and \$131.1 million for the three and six months ended June 30, 2020, respectively.

Note 8: Investment in Joint Ventures

Effective February 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, 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. Vayam is also a customer of the Ebix Vayam Limited JV, and during the three and six months ended June 30, 2021 the Ebix Vayam Limited JV recognized \$173 thousand and \$370 thousand of revenue, respectively, from Vayam. During the three and six months ended June 30, 2020 the Ebix Vayam Limited JV recognized \$152 thousand and \$397 thousand of revenue, respectively, from Vayam. As of June 30, 2021, the Ebix Vayam Limited JV had \$14.9 million of accounts receivable with Vayam. \$22.5 million is recorded as a receivable

from BSNL, a public-sector entity in Indian, against which an estimated allowance for doubtful accounts of \$7.6 million has been made as of June 30, 2021 (\$11.7 million as of December 31, 2020).

Effective September 2015, Ebix and IHC formed the joint venture EbixHealth JV. This joint venture was primarily established to promote and market an administrative data exchange for health insurance lines of business nationally. Ebix has a 51% equity interest in the joint venture and IHC has a 49% equity interest in the joint venture. Ebix is fully consolidating the operations of the EbixHealth JV into the Company's financial statements and separately reporting the EbixHealth JV non-controlling interest in the joint venture's net income and equity. IHC is also a customer of the EbixHealth JV, and during the three and six months ended June 30, 2021 the EbixHealth JV recognized \$378 thousand and \$796 thousand, respectively, of revenue from IHC. During the three and six months ended June 30, 2020 the EbixHealth JV recognized \$487 thousand and \$1.0 million, respectively, of revenue from IHC. As of June 30, 2021 and December 31, 2020, the EbixHealth JV had \$185 thousand and \$63 thousand of accounts receivable from IHC, respectively. Furthermore, as a related party, IHC also has been and continues to be a customer of Ebix, and during the three and six months ended June 30, 2021 the Company recognized \$20 thousand and \$43 thousand of revenue from IHC, respectively. During the three and six months ended June 30, 2020 the Company recognized \$42 thousand and \$71 thousand of revenue from IHC. As of June 30, 2021 and December 31, 2020, Ebix had \$22 thousand and \$2 thousand of accounts receivable with IHC. The EbixHealth JV has a \$1.8 million note due to IHC. Additionally, based on the final purchase price allocation valuation report for the EbixHealth JV it was concluded that the customer relationship with IHC, our joint venture partner, to be by its nature, an indefinite-lived customer relationship. For the year ended December 31, 2020, as a result of the annual impairment analysis performed, the Company concluded that the IHC customer relationship indefinite-lived intangible asset had been impaired. The Company recorded a \$6.2 million impairment charge during the fourth quarter of 2020. In addition, the Company has concluded that the IHC customer relationship intangible is no longer considered indefinite-lived and will be amortized over the estimated remaining life of 10 years.

Note 9: Goodwill, Finite-Lived, and Indefinite-Lived Intangibles

Changes in the carrying amount of goodwill for the six months ended June 30, 2021 and the year ended December 31, 2020 are reflected in the following table.

	June 30, 2021	December 31,
	(Unaudited)	2020
	(In thousands)	
Beginning Balance	\$ 949,037	\$ 952,404
Additions	—	11,241
Purchase accounting adjustments	1,687	725
Foreign currency translation adjustments	(8,662)	(15,333)
Ending Balance	<u>\$ 942,062</u>	<u>\$ 949,037</u>

The carrying value of finite-lived and indefinite-lived intangible assets at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
	(Unaudited)	
	(In thousands)	
Finite-lived intangible assets:		
Customer relationships	\$ 102,009	\$ 96,616
Developed technology	20,300	19,867
Dealer network	6,544	6,653
Airport contracts	4,446	4,523
Trademarks	2,705	2,700
Store networks	2,398	2,440
Brand	881	896
Non-compete agreements	724	759
Database	212	212
Backlog	140	140
Total intangibles	140,359	134,806
Accumulated amortization	(89,049)	(83,926)
Finite-lived intangibles, net	<u>\$ 51,310</u>	<u>\$ 50,880</u>
Indefinite-lived intangibles:		
Customer/territorial relationships	<u>\$ 16,647</u>	<u>\$ 21,647</u>

As a part of the 2009 acquisition of E-Z Data Ebix recognized a \$14.2 million indefinite-lived intangible asset associated with acquired corporate customer relationships. During the third quarter 2020, the Company identified a potential indicator of impairment and performed a quantitative analysis to test for impairment. The Company determined the fair value of the intangible assets exceeded its carrying value, however the Company determined that the intangible asset no longer had an indefinite life. The Company has reclassified the \$14.2 million to finite-lived and will amortize the value of this intangible over an estimated remaining useful life of 15 years.

The Company recorded a \$6.2 million impairment charge in the fourth quarter of 2020 related to the IHC customer relationship indefinite-lived intangible asset associated with the Company's EbixHealth JV. In addition, the Company concluded that the remaining IHC customer relationship intangible was no longer indefinite-lived. The Company amortizes this intangible over the remaining estimated useful life of ten years.

Amortization expense recognized in connection with acquired intangible assets was \$2.8 million and \$5.2 million for the three and six month periods ended June 30, 2021, respectively, and \$2.2 million and \$4.7 million for the three and six month periods ended June 30, 2020, respectively.

Note 10: Capitalized Software Development Costs

In accordance with ASC 350-40 “Internal-Use Software” and/or ASC 350-985 “Software”, the Company has capitalized certain software and product related development costs associated with the Company’s continuing medical education service offerings, development of the Property and Casualty ("P&C")underwriting insurance data exchange platform servicing the London markets, development of EbixCash’s single sign on agent and customer portal, including mobile application, and content development work related to the E-Learning business of EbixCash. During the three and six months ended June 30, 2021, the Company capitalized \$1.4 million and \$3.1 million, respectively, and during the three and six months ended June 30, 2020, the Company capitalized \$1.2 million and \$3.3 million, respectively, of such development costs. At June 30, 2021 and December 31, 2020, a total of \$20.7 million and \$19.4 million of remaining unamortized development costs are reported on the Company’s Condensed Consolidated Balance Sheets, respectively.

During the three and six months ended June 30, 2021, the Company recognized \$834 thousand and \$1.6 million, respectively, of amortization expense with regards to these capitalized software development costs, which is included in cost of services provided in the Company’s Condensed Consolidated Statements of Income. During the three and six months ended June 30, 2020, related amortization expense was \$837 thousand and \$1.7 million, respectively. The capitalized continuing

medical education product costs are being amortized using a three-year to five-year straight-line methodology and certain continuing medical education product costs are immediately expensed. The capitalized software development costs for the P&C underwriting insurance data exchange platform are being amortized over a period of five years. The capitalized software development costs related to EbixCash products mentioned above shall be amortized over a period of five years once the platforms/products are launched into the marketplace.

Note 11: Other Current Assets

Other current assets at June 30, 2021 and December 31, 2020 consisted of the following:

	June 30, 2021	December 31, 2020
	(Unaudited)	
	(In thousands)	
Prepaid expenses	\$ 68,402	\$ 57,017
Sales taxes receivable from customers	4,734	4,588
Other third party receivables	4,333	3,530
Credit card merchant account balance receivable	862	848
Short term portion of capitalized costs to obtain and fulfill contracts	554	646
Accrued interest receivable	74	355
Other	2,427	4,677
Total	<u>\$ 81,386</u>	<u>\$ 71,661</u>

Note 12: Leases

The Company has operating and finance leases for office space, retail, data centers and certain office equipment with expiration dates ranging through 2028, with various renewal options. Only renewal options that were reasonably assured to be exercised are included in the lease liability. At June 30, 2021, the maturity of lease liabilities under Topic 842 "Leases" are as follows:

Year	Operating Leases	Financing Leases	Total
	(in thousands)		
2021 (Remaining six months)	\$ 1,944	\$ 115	\$ 2,059
2022	3,591	199	3,790
2023	3,205	139	3,344
2024	1,858	114	1,972
2025	1,236	4	1,240
Thereafter	1,566	—	1,566
Total	<u>13,400</u>	<u>571</u>	<u>13,971</u>
Less: present value discount*	<u>(1,361)</u>	<u>(47)</u>	<u>(1,408)</u>
Present value of lease liabilities	<u>12,039</u>	<u>524</u>	<u>12,563</u>
Less: current portion of lease liabilities	<u>(3,249)</u>	<u>(200)</u>	<u>(3,449)</u>
Total long-term lease liabilities	<u>\$ 8,790</u>	<u>\$ 324</u>	<u>\$ 9,114</u>

* The discount rate used was the incremental borrowing rates respective to the country where the assets are located.

The Company's net assets recorded under operating and finance leases were \$12.0 million and \$12.9 million as of June 30, 2021, and December 31, 2020, respectively. The lease cost is recognized in our Condensed Consolidated Statement of Income in the category of General and Administrative and is summarized as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
Operating Lease Cost	\$ 1,325	\$ 1,770	\$ 2,764	\$ 3,849
Finance Lease Cost:				
Amortization of Lease Assets	59	43	98	87
Interest on Lease Liabilities	12	10	19	21
Finance Lease Cost	71	53	117	108
Sublease Income	(187)	(113)	(225)	(225)
Total Net Lease Cost	\$ 1,209	\$ 1,710	\$ 2,656	\$ 3,732

Other information about lease amounts recognized in our Condensed Consolidated Statement of Income is summarized as follows:

	June 30, 2021
Weighted Average Lease Term - Operating Leases	4.4 years
Weighted Average Lease Term - Finance Leases	3.0 years
Weighted Average Discount Rate - Operating Leases	7.2 %
Weighted Average Discount Rate - Finance Leases	6.7 %

At June 30, 2021, our lease liability of \$12.6 million does not include certain arrangements, which are primarily airport leases, that do not meet the definition of a lease under Topic 842. Such arrangements represent further commitments of approximately \$44.3 million as follows:

Year	Commitments (in thousands)
2021 (Remaining six months)	\$ 9,351
2022	17,751
2023	17,244
Thereafter	—
Total	\$ 44,346

Finance leases range from three to five years and are primarily for office equipment. Rental expense for office and airport facilities and certain equipment subject to operating leases for the six months ended June 30, 2021 and 2020 was \$5.4 million and \$8.4 million, respectively. During the second quarter of 2021, each of these airport leases remains subject to force majeure provisions resulting from COVID-19 and the cessation of the Company's airport operations. These monthly rent payments have been temporarily waived until the Company restarts airport operations. It remains uncertain when and under what conditions each payment abatement will end.

Note 13: Concentrations of Credit Risk

The Company is potentially subject to concentrations of credit risk in its accounts receivable. Credit risk is the risk of an unexpected loss if a customer fails to meet its contractual obligations. The Company can be directly affected by the financial condition of its customers, the loss or substantial reduction in business activity with its customers, or the inability of customers to pay its invoices. While customer activity and financial condition could have a material impact on the Company's financial statements, management does not believe significant credit risk exists at June 30, 2021.

Note 14: Other Current Liabilities

Other current liabilities at June 30, 2021 and December 31, 2020 consisted of the following:

	June 30, 2021	December 31, 2020
	(Unaudited)	
	(In thousands)	
Customer advances (deposits)	\$ 28,525	\$ 25,043
Acquisition obligations (upfront purchase and contingent consideration)	2,343	2,443
Total	<u>\$ 30,868</u>	<u>\$ 27,486</u>

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, 2020 which is incorporated by reference herein](#), and in Part II, Item 1A “Risk Factors” in this Form 10-Q, including but not limited to: 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 India, 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; the impacts of the COVID-19 global pandemic on our operating performance; ability to secure additional financing to support capital requirements; Credit Facility provisions that could materially restrict our business; costs and effects of litigation, investigations or similar matters that could affect our business, operating results and financial condition; 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 these Condensed Notes to the Condensed Consolidated Financial Statements pertaining to the business acquisitions we have made;
- 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 (refer to Note 4 of the Notes to these Condensed Consolidated Financial Statements, “Debt”);
- Uncertainties pertaining to the actual ultimate cost of our legal contingencies (refer to Note 5 of the Notes to these Condensed Consolidated Financial Statements, “Commitments and Contingencies”, and “Contractual Obligations” in Management's Discussion and Analysis of Financial Condition and Results of Operation (“MD&A”); and,
- The MD&A and the analysis of the six-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 1, 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, 2020.

Company Overview

Ebix is a leading international supplier of on-demand infrastructure exchanges to the insurance, financial, travel, cash remittances, and healthcare industries. In the insurance sector, the Company’s main focus is to develop and deploy a wide variety of insurance and reinsurance exchanges on an on-demand basis using SaaS enterprise solutions in the areas of CRM, front-end and back-end systems, and outsourced administrative and risk compliance. The Company's products feature fully customizable and scalable on-demand software designed to streamline the way insurance and financial industry professionals manage distribution, marketing, sales, customer service, and accounting activities. With a "Phygital" strategy that combines physical distribution outlets in India and many ASEAN countries to an Omni-channel online digital platform, the Company’s EbixCash Financial exchange portfolio of software and services encompasses domestic and international money remittance, foreign exchange ("Forex"), travel, pre-paid gift cards, utility payments, lending, and wealth management in India and other Southeast Asian Markets. The Company has its headquarters in Johns Creek, Georgia and also conducts operating activities in Australia, Canada, India, New Zealand, Singapore, the United Kingdom, Brazil, the Philippines, Indonesia, Thailand and United Arab Emirates. International revenue accounted for 85.9% and 66.4% of the Company’s total revenue for the six months ended June 30, 2021 and 2020, respectively.

Ebix’s goal is to be a leading facilitator of insurance and financial transactions in the world. The Company’s technology vision is to focus on the convergence of all channels, processes and entities in a manner such that data seamlessly flows once a data entry has initially been made. Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges and requirements. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, application software, and web and application hosting to meet the individual needs of organizations.

Offices and Geographic Information

The Company’s corporate headquarters, including substantially all of our corporate administration functions, is located in Johns Creek, Georgia, where we own a commercial office building and campus facility. In addition, the Company and its subsidiaries lease office space primarily for sales and operations support in Salt Lake City, Utah, Pittsburgh, Pennsylvania, Pasadena, California, Birmingham, Alabama, and Phoenix, Arizona. Additionally, the Company leases office space in New Zealand, Australia, Singapore, Dubai, Brazil, Canada, Indonesia, the Philippines and the United Kingdom for support, operations and sales offices. The Company also leases approximately 115 facilities across India, while owning six facilities in India.

Trends and Uncertainties Related to the COVID-19 Pandemic

In December 2019, COVID-19 was reported and has spread globally, including to every state in the U.S. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the U.S. government declared a national emergency with respect to COVID-19.

In response to the COVID-19 pandemic, many state, local, and foreign governments implemented travel restrictions, quarantines, shelter-in-place orders, and similar government orders and restrictions, in an attempt to control the spread of the disease. Such restrictions or orders, or the perception that such restrictions or orders could be implemented, resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, and the cancellation or postponement of events.

Beginning in March 2020, in an effort to protect our employees and comply with applicable government orders, we restricted non-essential employee travel and transitioned our employees to a remote work environment. We have not experienced a material impact from shifting our employees to a remote work environment, which we primarily attribute to the professionalism of our workforce and our extensive use of technology throughout our business. However, COVID-19 could negatively impact the productivity of our workforce if the pandemic requires prolonged remote working conditions.

During the fiscal year ended December 31, 2020, particularly beginning in March, we experienced a decrease in demand for certain of our solutions and services, particularly those related to the Company's travel, foreign exchange,

remittance and consulting business areas, after certain government restrictions were put in place. This decreased demand continued throughout 2020 in varying degrees for each business area, and even persists through the date of this filing for all of the above mentioned business areas, but most notably in the travel and forex businesses. We expect that demand variability for our products and services will continue as a result of the COVID-19 pandemic, and cannot predict with any certainty when demand for these solutions/services will return to pre-COVID-19 levels.

We continue to monitor developments related to COVID-19 and remain flexible in our response to the challenges presented by the pandemic. Along with measures mentioned above to protect the health and safety of our employees, we took steps to strengthen our financial position to mitigate the adverse impact that COVID-19 has had or may have on our business and operations, including amending our credit facility, reducing salaries for certain employees, furloughing employees in the most negatively impacted business areas, eliminating certain employee positions, and eliminating, reducing, or deferring non-essential expenditures. As of June 30, 2021 most employees' compensation levels are at pre-Covid-19 levels. We have also taken steps to preserve cash balances, including a temporary cessation to our share repurchase program.

Our reported results for the six-month period ended June 30, 2021 may not be reflective of current market conditions, or of our results for any future periods, which may be negatively impacted by the COVID-19 pandemic to a greater extent than the reported period. The impact of the COVID-19 pandemic may also exacerbate other risks discussed in this Quarterly Report. Refer to Item 1A, "Risk Factors" in our Form 10-K for the year ended December 31, 2020 for a complete description of the material risks that the Company currently faces.

Results of Operations

Operating Revenue

The Company derives its revenues primarily from subscription and transaction fees pertaining to products or services delivered over our exchanges or from our application service provider ("ASP") platforms, fees for business process outsourcing services, and fees for software development projects, including 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 foreign exchange, remittance (both inward and outward) and travel services from our financial exchanges.

Ebix's revenue streams are derived from three 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 six months ended June 30, 2021 and 2020.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(In thousands)			
EbixCash Exchanges	\$ 189,947	\$ 53,240	422,499	131,095
Insurance Exchanges	41,916	42,959	85,151	86,960
Risk Compliance Solutions	14,459	15,113	28,725	31,133
Totals	\$ 246,322	\$ 111,312	\$ 536,375	\$ 249,188

The table below provides an approximation (as a % of total revenue) of subscription-based and software maintenance revenue, transaction-based revenue, and professional services and consulting fee revenue:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Subscription	16 %	39 %	15 %	35 %
Transaction-Based	78 %	44 %	80 %	48 %
Professional Services/Consulting/Other	6 %	17 %	5 %	17 %

Results of Operations — Three Months Ended June 30, 2021 and 2020***Operating Revenue***

During the three months ended June 30, 2021, our total operating revenues increased \$135.0 million, or 121%, to \$246.3 million as compared to \$111.3 million during the second quarter of 2020. On March 11, 2020, COVID-19 was declared a global pandemic by the World Health Organization. Across the United States and the world, governments and municipalities instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions and the closure of non-essential businesses. Countries across the world are re-opening economies, but are doing so in a phased approach that differs in each country and, in many cases, within individual countries. While our travel, foreign exchange remittance businesses continue to be materially negatively impacted by COVID-19, total revenues increased year-over-year during the second fiscal quarter of 2021 due primarily to strong demand for the Company's payment solutions offerings in India (primarily prepaid gift cards), which increased by more than \$128 million year-over-year, or greater than 375%. Reported revenues were positively impacted by the strengthening of foreign exchange rates in all of our operating geographies during the second quarter ended June 30, 2021. The largest positive impact due to stronger currencies was in the Indian rupee and Australian dollar. Specifically, the year-over-year impact from fluctuations of exchange rates in the countries that we operate, in the aggregate, increased reported revenues by approximately \$6.3 million for the three months ended June 30, 2021. International revenue accounted for 84.7% and 62.5% of the Company's total revenue for the three months ended June 30, 2021 and 2020, respectively.

Cost of Services Provided

Costs of services provided, which includes costs associated with customer support, consulting, implementation, and training services, increased \$129.1 million, or 263%, to \$178.2 million in the second quarter of 2021 as compared to \$49.1 million in the second quarter of 2020. For the three months ended June 30, 2021, cost of services as a percentage of total revenues increased to 72.3% of total revenues as compared to 44.1% for the three months ended June 30, 2020. The increase in the Company's cost of services provided as a percentage of total revenues is primarily due to revenue mix changes year over year, particularly the increase of prepaid gift cards sold within the EbixCash India operations. Prepaid gift card revenues have increased at a materially higher rate versus other Ebix products and services since the COVID-19 pandemic began in March 2020. Payment solutions revenues increased by greater than 375% year-over-year in the second quarter ended June 30, 2021 and carry lower gross margins relative to other solutions/services offered by the Company.

Product Development Expenses

The Company's product development efforts are focused on the development of new technologies for insurance carriers, brokers and agents, the development of new data exchanges for use in domestic and international insurance markets, as well as the Forex and travel sectors. Product development expenses increased \$1.8 million, or 22%, to \$10.1 million during the second quarter of 2021 as compared to \$8.3 million during the second quarter of 2020. Product development costs in the second quarter remain below the four-quarter Company average prior to the advent of Covid-19 (Q2 2019 through Q1 2020) of approximately \$10.9 million.

Sales and Marketing Expenses

Sales and marketing expenses of \$3.4 million in the second quarter of 2021 were slightly lower compared to \$3.5 million in the second quarter of 2020. Personnel-related costs declined (10.3)% year-over-year, but the reduction was offset, in part, by increased marketing/advertising expenditures (6.0% increase year-over-year).

General and Administrative Expenses

General and administrative expenses increased \$7.9 million, or 51%, to \$23.3 million in the second quarter of 2021 as compared to \$15.5 million in the second quarter of 2020. The year-over-year increase is primarily due to increased personnel costs, including travel expenses, of approximately \$4.5 million, increased rent expense of approximately \$0.7 million, primarily from year-over-year rent increases in our foreign exchange offices at Indian airports (2020 closures for much of the second quarter due to Covid-19 pandemic), offset in part by a reduction in bad debt expense of approximately \$1.3 million as a result of a reduction in the Company's allowance for doubtful accounts associated with our Ebix Vayam joint venture and, in particular, related to a public sector entity in India, BSNL (see Note 8 - Investment in Joint Ventures). Additionally, general and administrative expenses in the second quarter of 2020 were reduced due to a \$3.3 million decrease in the Company's acquisition earn-out accrual related to two prior acquisitions, which reduced second quarter 2020 general and administrative expenses. Acquisition earn-out contingent liabilities are re-measured quarterly based on the assessed fair values and changes in

anticipated future revenue levels, with any changes reflected as reductions or increases to general and administrative expenses as reported in the Company's Condensed Consolidated Statements of Income.

Amortization and Depreciation Expenses

Amortization and depreciation expenses increased \$876 thousand, or 28%, to \$4.0 million in the second quarter of 2021 as compared to \$3.1 million in the second quarter of 2020, primarily due to the impact of the reclassification of indefinite-lived intangibles to amortizing intangibles during the second half of 2020, as well as the impact of intangible amortization from acquisitions made in 2020 that are not reflected in Q2 2020 results.

Interest Income

Interest income decreased \$12 thousand, or 41%, to \$17 thousand in the second quarter of 2021 as compared to \$29 thousand in the second quarter of 2020.

Interest Expense

Interest expense of \$10.5 million in the second quarter of 2021 increased 46% as compared to \$7.1 million in the second quarter of 2020. While the average outstanding balance under the Company's corporate credit facilities decreased year-over-year by approximately \$42 million, the Company's interest rate increased by approximately 1.8% year-over-year. Additionally, interest expense incurred related to the Company's EbixCash business increased in the second quarter of 2021 versus the second quarter of 2020 when countrywide lockdowns were in place in India.

Foreign Currency Exchange Gain (Loss)

The Company recorded a net foreign currency exchange gain for the three months ended June 30, 2021 in the amount of \$9 thousand which consisted of net losses realized and unrealized upon the settlement of receivables or payables and re-measurement of cash balances denominated in currencies other than the functional currency of the respective operating division recording the instrument.

Income Taxes

The Company recorded net income tax expense of \$627 thousand (4.03%) during the three months ended June 30, 2021, which included tax expense of \$358 thousand from certain discrete items related to stock compensation and uncertain tax positions. The income tax expense, exclusive of discrete items, was \$269 thousand (1.73%) during the three months ended June 30, 2021. The Company expects its full year effective tax rate to be in the range of 2.5% to 3.5%

Results of Operations — Six Months Ended June 30, 2021 and 2020

Operating Revenue

During the six months ended June 30, 2021, our total operating revenues increased \$287.2 million, or 115%, to \$536.4 million as compared to \$249.2 million for the same period in 2020. Total revenues increased year-over-year during the six months ended June 30, 2021 due primarily to increases in revenues from the Company's payment solutions offerings in India (primarily prepaid gift cards), which increased by more than \$309 million year-over-year, or greater than 540%. Reported revenues were positively impacted by the strengthening of foreign exchange rates in all of our operating geographies except Brazil during the six months ended June 30, 2021. The largest positive impact due to stronger currencies was in the Australian dollar and Indian rupee. Specifically, the year-over-year impact from fluctuations of exchange rates in the countries that we operate, in the aggregate, increased reported revenues by approximately \$5.7 million for the six months ended June 30, 2021. International revenue accounted for 85.9% and 66.4% of the Company's total revenue for the three months ended June 30, 2021 and 2020, respectively.

Cost of Services Provided

Costs of services provided, which includes costs associated with customer support, consulting, implementation, and training services, increased \$292.0 million, or 274%, to \$398.6 million for the six months ended June 30, 2021 as compared to \$106.6 million for the same period in 2020. For the six months ended June 30, 2021, cost of services as a percentage of total revenues increased to 74.3% of total revenues as compared to 42.8% for the six months ended June 30, 2020. The increase in the Company's cost of services provided as a percentage of total revenues is primarily due to revenue mix changes year over year, particularly the increase of prepaid gift cards sold within the EbixCash India operations. Prepaid gift card revenues have increased at a materially higher rate versus other Ebix products and services since the COVID-19 pandemic began in March

2020. Payment solutions revenues increased by greater than 540% year-over-year in the six months ended June 30, 2021 and carry lower gross margins relative to other solutions/services offered by the Company.

Product Development Expenses

Product development expenses increased \$1.9 million, or 10.9%, to \$19.7 million during the six months ended June 30, 2021 as compared to \$17.8 million during the same period in 2020. The year-to-date 2020 product development expenses were depressed versus historical averages due to the impact of Covid-19 on the Company's development projects.

Sales and Marketing Expenses

Sales and marketing expenses of \$7.2 million during the six months ended June 30, 2021 were flat compared to \$7.3 million during the same period in 2020.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2021 of \$44.7 million were flat compared to the comparable prior year period. For the six months ended June 30, 2021 increased personnel costs, including travel expenses, of approximately \$1.9 million, were more than offset by decreased rent expense of \$3.0 million and a reduction of bad debt expense of approximately \$2.8 million. Additionally, general and administrative expenses for the six months ended June 30, 2020 were reduced by \$3.3 million due to a decrease in the Company's acquisition earn-out accrual related to two prior acquisitions. Acquisition earn-out contingent liabilities are re-measured quarterly based on the assessed fair values and changes in anticipated future revenue levels, with any changes reflected as reductions or increases to general and administrative expenses as reported in the Company's Condensed Consolidated Statements of Income.

Amortization and Depreciation Expenses

Amortization and depreciation expenses increased \$1.0 million, or 15%, to \$7.8 million for the six months ended June 30, 2021 as compared to \$6.8 million for the same period in 2020, primarily due to the impact of the reclassification of indefinite-lived intangibles to amortizing intangibles during the second half of 2020, as well as the impact of intangible amortization from acquisitions made in 2020 that are not reflected in the year-to-date 2020 results.

Interest Income

Interest income decreased \$58 thousand, or 70%, to \$25 thousand for the six months ended June 30, 2021 as compared to \$83 thousand in the second quarter of 2020.

Interest Expense

Interest expense of \$18.5 million for the six months ended June 30, 2021 increased by 13.2% year-over-year as compared to \$16.4 million for the same period in 2020. The Company's average debt outstanding under its corporate credit facilities decreased by over \$30 million for the six months ended June 30, 2021 as compared to the same period in the prior year, but the average interest rate in the year-to-date period in 2021 increased by approximately 60 basis points. Secondly, increased interest expense was incurred related to the Company's EbixCash business in the second quarter of 2021 versus the second quarter of 2020 when countrywide lockdowns were in place in India.

Foreign Currency Exchange Gain (Loss)

The Company recorded a net foreign currency exchange loss for the six months ended June 30, 2021 in the amount of \$616 thousand, which consisted of net losses realized and unrealized upon the settlement of receivables or payables and re-measurement of cash balances denominated in currencies other than the functional currency of the respective operating division recording the instrument.

Income Taxes

The Company recorded net income tax expense of \$1.8 million (4.80%) during the six months ended June 30, 2021, which included tax expense of \$696 thousand from certain discrete items related to stock compensation and uncertain tax positions. The income tax expense, exclusive of discrete items, was \$1.1 million (2.98%) during the six months ended June 30, 2021. The Company expects its full year effective tax rate to be in the range of 2.5% to 3.5%

Liquidity and Capital Resources

Our principal sources of liquidity are the cash flows provided by our operating activities and cash and cash equivalents on hand.

We intend to utilize cash flows generated by our operations, in combination with the possible issuance of additional debt or equity, to fund capital expenditures and organic growth initiatives, to make strategically accretive business acquisitions, to retire outstanding indebtedness, and to repurchase shares of our common stock if and as market and operating conditions warrant.

We believe that anticipated cash flows provided by our operating activities, together with current cash balances and access to credit and capital markets, if required, will be sufficient to meet our projected cash requirements for the next twelve months, although any projections of future cash needs, cash flows, and the general market conditions for credit and equity securities is subject to substantial uncertainty. In the event additional liquidity needs arise, we may raise funds from a combination of sources, including the potential issuance of debt or equity securities. However, there are no assurances that such financing will be available in amounts or on terms acceptable to us, if at all. In addition, the covenants in our Credit Facility could adversely affect our ability to obtain such financing and our ability to make strategic acquisitions, fund investments, repurchase shares of our common stock or engage in other business activities that could be in our interest.

Our cash and cash equivalents were \$85.1 million and \$105.0 million at June 30, 2021 and December 31, 2020, respectively. The Company holds material cash and cash equivalent balances overseas in foreign jurisdictions. The free flow of cash from certain countries where we hold such balances may be subject to repatriation tax effects and other restrictions. Furthermore, the repatriation of earnings from some of our foreign subsidiaries would result in the application of withholding taxes at the foreign source and taxation at the U.S. parent level upon receipt of the repatriation amounts.

The approximate cash, cash equivalents, restricted cash and short-term investments balances held in our domestic U.S. operations and each of our foreign subsidiaries as of August 2, 2021 are presented in the table below:

Country/Region	Cash, Restricted Cash and ST investments
	(In thousands)
India	\$ 54,749
United States	20,007
Australia	12,969
Philippines	7,440
Europe	2,339
Singapore	3,055
Canada	3,041
Latin America	2,186
New Zealand	1,199
United Arab Emirates	1,319
Indonesia	854
Mauritius	3
Total	\$ 109,161

Our current ratio increased to 1.96 at June 30, 2021 from 1.89 at December 31, 2020 and our working capital position decreased to \$170.3 million at June 30, 2021 from \$170.5 million at December 31, 2020.

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 six months ending June 30, 2021, the Company completed no business acquisitions.

During the twelve months ended December 31, 2020, the Company completed two business acquisitions, as follows:

Effective May 4, 2020, Ebix acquired from bankruptcy India-based Trimax IT Infrastructure & Services Ltd ("Trimax"), which provides IT and integration services to state-owned transport corporations, operates data centers, and is an IT infrastructure solution provider, for approximately \$9.9 million of upfront consideration. Additionally, Ebix issued preferred shares in Trimax to the selling shareholders that can be sold five years from the closing of the acquisition based on an independent valuation performed by a Big 4 valuation firm. The maximum value of the preferred shares upon sales is approximately \$9.9 million. The valuation and purchase price allocation was finalized during the second quarter of 2021.

On October 1, 2020 the Company acquired a 70% interest in AssureEdge Global Services ("AssureEdge") for a total purchase price of approximately \$5.0 million, including net working capital acquired. AssureEdge is a pan-India based BPO company, with a variety of BPO offerings via six contact centers across the country. It serves a number of industries and clients that have cross-selling value for EbixCash services. The valuation and purchase price allocation remains preliminary and will be finalized as soon as practicable, but in no event longer than one year from the effective date of this transaction.

A significant component of the purchase price consideration for many of the Company's business acquisitions is a potential subsequent cash earn-out 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 to achieve over the agreed upon period post acquisition to earn the 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. As of June 30, 2021, the total of these contingent liabilities was \$2.6 million, while at December 31, 2020, the total of these contingent consideration liabilities was \$0.

Operating Activities

Net cash provided by our operating activities was \$21.7 million for the six months ended June 30, 2021. The primary components of the cash provided by our operating activities during the six-month period consisted of net income of \$37.3 million, \$7.8 million of depreciation and amortization, \$2.7 million of non-cash share-based compensation, \$2.5 million of right-of-use assets amortization, \$1.6 million of amortization of capitalized software development costs and \$(28.3) million of working capital requirements, primarily due to decreased accounts payable and accrued expenses, an increase in other assets during the year-to-date period, and an increase in receivables from service providers. During the six months ended June 30, 2021, the Company made \$12.1 million of tax payments.

Net cash provided by our operating activities was \$58.4 million for the six months ended June 30, 2020. The primary components of the cash provided by our operating activities during the six-month period consisted of net income of \$48.2 million, \$6.8 million of depreciation and amortization, \$2.3 million of non-cash share-based compensation, \$3.3 million of right-of-use assets amortization, \$1.7 million of amortization of capitalized software development costs and \$3.0 million of working capital requirements primarily due to decreased accounts receivable, receivables from service providers, payables to service agents and accounts payable and accrued expenses. Offsetting these amounts were a reduction of contingent acquisition earn out accruals of \$3.3 million, a reduction in lease liabilities of \$3.0 million, and \$489 thousand of net losses attributable to noncontrolling interest. During the six months ended June 30, 2020, the Company made \$2.1 million of tax payments.

Investing Activities

Net cash used for investing activities during the six months ended June 30, 2021 was \$6.4 million thousand, and consisted primarily of \$3.1 million for software development costs that were capitalized, \$1.7 million for capital expenditures and decreases in marketable securities of \$11.3 million (specifically bank certificates of deposit).

Net cash used for investing activities during the six months ended June 30, 2020 was \$36.5 million, and consisted primarily of \$5.2 million used for acquisition-related payments for acquisitions consummated in prior periods, \$3.3 million for

software development costs that were capitalized, \$757 thousand for capital expenditures, and increases in marketable securities of \$27.3 million (specifically bank certificates of deposit).

Financing Activities

During the six months ended June 30, 2021, net cash used by financing activities was \$43.1 million, which consisted primarily of a \$6.9 million reduction in EbixCash working capital facilities in India, \$31.3 million used to make scheduled payments on the existing term loan and \$4.6 million of quarterly dividends to our common stockholders.

During the six months ended June 30, 2020, net cash used by financing activities was \$33.9 million, which consisted primarily of a \$19.8 million reduction in EbixCash working capital facilities in India, \$9.4 million used to make scheduled payments on the existing term loan and \$4.6 million of quarterly dividends to our common stockholders. Partially offsetting these financing cash outflows was \$1.4 million of cash proceeds from draws on the Company's revolving line of credit.

Credit Facility

The Company maintains a senior secured syndicated credit facility, dated August 5, 2014, among Ebix, Inc., as borrower, its subsidiaries party thereto from time to time as guarantors, Regions Bank (as administrative agent and collateral agent) and the lenders party thereto from time to time (as amended from time to time, the "Credit Facility") that provides a \$450 million revolving line of credit (the "Revolver") as well as a term loan (the "Term Loan"), which at June 30, 2021 had a balance of \$224.2 million. The Credit Facility matures in February 2023.

On April 9, 2021, The Company entered into Amendment No. 12 to its Credit Facility. Amendment No. 12 provided for, among other things, a waiver of any potential event of default arising under the Credit Facility from the failure to timely deliver the Company's audited financial consolidated financial statements and related compliance certificate for the year ended December 31, 2020, provided that there is no good faith determination by the requisite lenders under the Credit Facility of a "Material Circumstance" (as defined and further described in Amendment No. 12), which determination (if any) may only be made within a specified period described in Amendment No. 12 and is subject to certain cure rights of the Company. Amendment No. 12 also modified the applicable margin that applies from the date of the amendment forward, modified certain mandatory prepayment provisions, as well as certain other covenants related to restricted payments, investments and certain reporting requirements.

On March 31, 2021, Ebix entered into Amendment No. 11 to the Credit Facility. Amendment No. 11 provided, for, among other things, a limited waiver through April 10, 2021, of any potential event of default arising under the Credit Facility from failure to deliver the Company's audited consolidated financial statements and related compliance certificate for the year ended December 31, 2020. Amendment No. 11 also modified certain covenants contained in the Credit Facility, including with respect to certain permitted restricted payments and investments.

On May 7, 2020, Ebix entered into Amendment No. 10 to the Credit Facility. Amendment No. 10 provided for, among other things, increased flexibility under financial maintenance covenants, which the Company sought in part due to the unforeseen negative effects of the COVID-19 pandemic.

On March 30, 2020, the Company and certain of its subsidiaries entered into a waiver related to the Credit Facility (the "Waiver"). The Waiver provided that so long as the Company's leverage ratio is below 5.0 to 1.0 for the Company's fiscal quarter ending March 31, 2020 pursuant to the terms of its compliance certificate required by the Credit Facility, the existing leverage ratio requirement of 3.5 to 1.0 was waived.

At June 30, 2021, the outstanding balance on the Revolver was \$439.4 million and the facility carried an interest rate of 5.50% at June 30, 2021, an increase from 3.50% at the closing of Amendment No. 12 to the Credit Facility. The balance on the Revolver is included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During the six months ended June 30, 2021, the average and maximum outstanding balances of the revolving line of credit component of the credit facility were \$439.4 million and \$439.4 million, respectively. At December 31, 2020, the outstanding balance on the revolving line of credit with Regions was \$439.4 million and the facility carried an interest rate of 3.50%. This balance was included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During 2020, the average and maximum outstanding balances on the revolving line of credit were \$438.9 million and \$439.4 million, respectively.

At June 30, 2021, the outstanding balance on the Term Loan was \$224.2 million, of which \$24.5 million is due within the next twelve months. \$31.3 million of principal payments were made during the six months ended June 30, 2021, of which \$11.3 million were scheduled amortization payments. This term loan also carried an interest rate of 5.50% at June 30, 2021,

subject to the same above mentioned increase in interest rate as the Revolver. 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 \$24.5 million and \$199.7 million, respectively at June 30, 2021. At December 31, 2020, the outstanding balance on the Term Loan was \$255.5 million, of which \$22.6 million was due within twelve months. The Term Loan also carried an interest rate of 3.50% during the quarter ended December 31, 2020.

Contractual Obligations

For a presentation regarding material changes outside the ordinary course of business to the Company's contractual obligations please refer to Notes 4 and 5 of the Notes to Condensed Consolidated Financial Statements.

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 2020 Form 10-K.

Application of Critical Accounting Policies

The preparation of financial statements in conformity with 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.

COVID-19 has created and may continue to create significant uncertainty in global financial markets, which may reduce demand for our services, impact the productivity of our workforce, reduce our access to capital, and harm our business and results of operations. As of the date of our Condensed Consolidated Financial Statements, we are not aware of any specific event or circumstance that would require us to update our estimates or judgments, or to revise the carrying value of our assets or liabilities. However, these estimates may change as new events occur and additional information is obtained, which may result in changes being recognized in our consolidated financial statements in future periods. While we considered the effects of COVID-19 in our estimates and assumptions, due to the current level of uncertainty over the longevity of the economic and operational impacts of COVID-19 on our business, there may be other judgments and assumptions that were not currently considered. Such judgments and assumptions could result in a meaningful impact to our financial statements in future periods. Actual results could differ from those estimates and any such differences may have a material impact on our financial statements.

Revenue Recognition

The Company derives its revenues primarily from software subscription and transaction fees, software license fees, financial transaction fees, risk compliance solution services fees, and professional service fees, 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.

The Company determines revenue recognition by applying the following steps:

- identification of the contract, or contracts, with a customer;

- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

The Company analyzes its different services individually to determine the appropriate basis for revenue recognition, as further described below. Additionally, certain services exist in multiple channels. As Ebix derives revenues from three product/service channels—EbixCash Exchanges, Insurance Exchanges, and Risk Compliance Solutions—for policy disclosure purposes, contracts are discussed in conjunction with the channel to which they are most significant.

The Company assesses the terms of customer contracts including termination rights, penalties (implied or explicit), and renewal rights.

EbixCash Exchanges ("EbixCash")

EbixCash revenues are primarily derived from the sales of prepaid gift cards and consideration paid by customers for financial transaction services, including services like transferring or exchanging money. The significant majority of EbixCash revenue is for a single performance obligation and is recognized at a point in time. These revenues vary by transaction based upon channel, send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, and speed of service, as applicable.

EbixCash also offers several other services, including payment services and ticketing and travel services for which revenue is impacted by various factors. EbixCash acts as the principal in most transactions and reports revenue on a gross basis, as EbixCash controls the service at all times prior to transfer to the customer, is primarily responsible for fulfilling the customer contracts, has the risk of loss, and has the ability to establish transaction prices.

The main services from which EbixCash derives revenue are as follow:

Gift Cards

EbixCash sells general purpose prepaid gift cards to corporate customers and consumers that can be later redeemed at various merchants. The gift cards are co-branded between EbixCash and its card-issuing banking partner(s) and are affiliated with major payment associations such as Visa, Mastercard, and Rupay. The gift cards are sold to a diversified set of corporate customers from various industries. The gift cards are used by corporate customers to disburse incentives to the end users, which are primarily their employees, agents and business associates. The gift cards sold by EbixCash are not reloadable, cannot be used at ATMs or for any other cash-out or funds transfer transactions, and are subject to maximum limits per card (currently 10,000 INR or approximately \$140). Gift cards issued by EbixCash are valid for a period of 15 months from the date of issuance for virtual cards and three years for physical cards. EbixCash has entered into arrangements with banks and financial institutions to settle payments to merchants based on utilization of the gift cards.

The Company has end-to-end responsibilities related to the gift cards sold, from the activation and ongoing utilization of the gift cards to customer service responsibilities to risk of loss due to fraud on the gift cards sold. EbixCash acts a principal in the sale of gift card and, thus, gift card revenue is recognized on a gross basis (full purchase value at the time of sale) with the corresponding cost of the gift cards recorded as cost of services provided. Unredeemed gift cards at June 30, 2021 are recorded as deferred revenues in the financial results.

EbixCash Travel Exchanges

EbixCash Travel revenues are primarily derived from commissions and transaction fees received from various travel providers and international exchanges involved in the sale of travel to the consumer. EbixCash Travel revenue is for a single performance obligation and is recognized at a point in time. Travel revenues include reservation commissions, segment fees from global travel exchange providers, and transaction net revenues (i.e., the amount charged to travelers less the amount owed to travel service providers) in connection with our reservation services; ancillary fees, including travel insurance-related revenues and certain reservation booking fees; and credit card processing rebates and customer processing fees. EbixCash Travel services include the sale of hotel rooms, airline tickets, bus tickets and train tickets. EbixCash's Travel revenue is also derived from ticket sales, wherein the commissions payable to EbixCash Travel, along with any transaction fees paid by travel providers and travel exchanges, is recognized as revenue after completion of the service. The transaction price on such services is agreed upon at the time of the purchase.

EbixCash Travel revenue for the corporate MICE (Meetings, Incentives, Conferences, and Exhibitions) packages is recognized at full purchase value at the completion of the obligation, with the corresponding costs recorded under direct expenses. For MICE revenues, EbixCash Travel acts as the principal in transactions and, accordingly, reports revenue on a gross basis. EbixCash Travel controls the service at all times prior to transfer to the customer, is responsible for fulfilling the customer contracts, has the risk of loss, and has the ability to establish transaction prices.

EbixCash Money Transfer

For the EbixCash money transfer business, EbixCash has one performance obligation whereupon the customer engages EbixCash to perform one integrated service. This typically occurs instantaneously when the beneficiary entitled to receive the money transferred by the sender visits the EbixCash outlet and collects the money. Accordingly, EbixCash recognizes revenue upon completion of the following: 1) the customer's acknowledgment of EbixCash's terms and conditions and the receipt of payment information, 2) the money transfer has been processed, 3) the customer has received a unique transaction identification number, and 4) funds are available to be picked up by the beneficiary. The transaction price is comprised of a transaction fee and the difference between the exchange rate set by EbixCash to the customer and the rate available in the wholesale foreign exchange market, as applicable, both of which are readily determinable at the time the transaction is initiated.

Foreign Exchange and Outward Remittance Services

For EbixCash's foreign exchange and payment services, customers agree to terms and conditions for all transactions, either at the time of initiating a transaction or signing a contract with EbixCash to provide payment services on the customer's behalf. In the majority of EbixCash's foreign exchange and payment services transactions, EbixCash makes payments to the recipient to satisfy its performance obligation to the customer, and, therefore, EbixCash recognizes revenue on foreign exchange and payment when this performance obligation has been fulfilled.

Consumer Payment Services

EbixCash offers several different bill payment services that vary by considerations such as: 1) who pays the fee to EbixCash (consumer or biller), 2) whether or not the service is offered to all potential consumers, or only to those for EbixCash has a relationship with the biller and 3) whether the service utilizes a physical agent network offered for consumers' convenience, among other factors. The determination of which party is EbixCash's customer for revenue recognition purposes is based on these considerations for each of EbixCash's bill payment services. For all transactions, EbixCash's customers agree to EbixCash's terms and conditions, either at the time of initiating a transaction (where the consumer is determined to be the customer for revenue recognition purposes) or upon signing a contract with EbixCash to provide services on the biller's behalf (where the biller is determined to be the customer for revenue recognition purposes). As with consumer money transfers, customers engage EbixCash to perform one integrated service - collecting money from the consumer and processing the bill payment transaction. This service provides the billers real-time or near real-time information regarding their customers' payments and, thus, simplifying the billers' collection efforts. The transaction price on bill payment services is contractual and determinable. Certain biller agreements may include per-transaction or fixed periodic rebates, which EbixCash records as a reduction to revenue.

EbixCash Technology Services

EbixCash also offers on-demand technology to various providers in the area of lending, wealth and asset management, and travel across the world.

Insurance Exchanges

Insurance Exchanges revenues are primarily derived from consideration paid by customers related to our SaaS platforms, related services and the licensing of software. A typical contract for our SaaS platform will also include services for setup, customization, transaction processing, maintenance, and/or hosting. Determining whether products and services are considered distinct performance obligations that should be accounted for separately may require significant judgment. Set-up and customization services, related to our SaaS platforms, are not considered to be distinct from the usage fees associated with the SaaS platform and, accordingly, are accounted for as a single performance obligation. These services, along with the usage or transaction fees, are recognized over the contract duration, which considers the significance of the upfront fees in the context of the contract and which may, therefore, exceed the initial contracted term. A customer's transaction volume tends to remain

fairly consistent during the contract period without significant fluctuations. The invoiced amount is a reasonable approximation of the revenue that would be allocated to the related period under the variable consideration guidelines in ASC 606-10-32-40. To the extent that a SaaS contract includes subscription services or professional services, apart from the upfront customization, these are considered separate performance obligations. We also have separate software licensing (on premise/perpetual), unrelated to our SaaS platforms, which is recognized at a point in time when the license is transferred to the customer.

Contracts generally do not contain a right of return or refund provisions. Our contracts often do contain overage fees, contingent fees, or service level penalties that are accounted for as variable consideration. Revenue accounted for as variable consideration is recognized using the “right to invoice” practical expedient when the invoiced amount equals the value provided to the customer.

Software-as-a-Service ("SaaS")

The Company allocates the transaction price to each distinct performance obligation using the relative stand-alone selling price. Determining the stand-alone selling price may require significant judgement. The stand-alone selling price is the price at which an entity has sold or would sell a promised good or service separately to a customer. The Company determines the stand-alone selling price based on the observable price of products or services sold separately in comparable circumstances, when such observable prices are available. When standalone selling price is not directly observable, the Company estimates the stand-alone selling price using the market assessment approach by considering historical pricing and other market factors.

Software Licenses

Software license revenues attributable to a software license that is a separate performance obligation are recognized at the point in time that the customer obtains control of the license.

Subscription Services

Subscription services revenues are associated with performance obligations that are satisfied over specific time periods and primarily consist of post-contract support services. Revenue is generally recognized ratably over the contract term. Our subscription contracts are generally for an initial three-year period with subsequent one-year automatic renewals.

Transaction Fees

Transaction revenue is comprised of fees applied to the volume of transactions that are processed through our SaaS platforms. These fees are typically based on a per-transaction rate and are invoiced for the same period in which the transactions were processed and as the performance obligation is satisfied. The amount invoiced generally equals the value provided to the customer, and revenue is typically recognized when invoiced using the as-invoiced practical expedient.

Professional Services

Professional service revenue primarily consists of fees for setup, customization, training, or consulting. Professional service fees are generally on a time and materials basis or a fixed fee basis. Revenues for time and materials are recognized as such services are rendered, while fixed fee revenues are recognized based on the input method that is driven by the expected hours to complete the project measured against the actual hours completed to date. Professional services, particularly related to SaaS platforms, may have significant dependencies on the related licensed software and may not be considered a distinct performance obligation.

Risk Compliance Solutions ("RCS")

RCS revenues consist of two revenue streams - Certificates of Insurance (COI) and Consulting Services. COI revenues are derived from consideration paid by customers for the creation and tracking of certificates of insurance. These are transaction-based revenues. Consulting Services revenues are driven by distinct consulting service engagements rendered to customers, for which revenues are recognized using the output method on a time and material basis as the services are performed.

COI Creation and Tracking

The Company provides services to issue and track certificates of insurance in the United States and Australian markets. Revenue is derived from transaction fees for each certificate issued or tracked. The Company recognizes revenue at the issuance of each certificate or over the period the certificate is being tracked.

Consulting Services

The Company provides consulting services to clients around the world for project management and development. Consulting services fees are generally on a time and materials basis or a fixed fee basis. Revenues for time and materials are recognized using an output method as the services are rendered, while fixed fee revenues are recognized based on the input method that is driven by the expected hours to complete the project measured against the actual hours completed to date.

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.

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 is the U.S. Dollar for the Company's foreign subsidiaries in Dubai and Singapore, because both the intellectual property research and development activities provided by its Dubai and Singapore subsidiaries are in support of the Company's operating divisions across the world, which are primarily 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 the foreign entity's functional currency and are subject to market risk with respect to fluctuations in the relative value of those currencies. The Company's operations based in the U.S., Dubai, and Singapore use the U.S. dollar as their functional currency, as that is the predominant currency used to transact the majority of their operations. The Company's other foreign operations in India, Australia, the United Kingdom, Canada, Brazil, Philippines, and Indonesia utilize their local currencies as their functional currency as that accurately reflects the currency used to conduct their commercial activities in each of these countries. 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 six months ended June 30, 2021 and 2020, the net change in the cumulative foreign currency translation account, which is a component of accumulated other comprehensive loss within stockholders' equity, were unrealized (losses) gains of \$(12.5) million and \$(54.1) 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 \$5.2 million and \$6.1 million for the six months ended June 30, 2021 and 2020, 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 June 30, 2021, the Company had \$663.6 million of outstanding debt obligations under its corporate syndicated credit facilities, which consisted of a \$224.2 million term loan, and a \$439.4 million balance drawn on our commercial banking revolving line of credit. The Company's term loan and revolving line of credit carries a leverage-based LIBOR related interest rate, and stood at 5.50% at June 30, 2021. 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 percent 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 \$0.5 million and \$1.1 million for the six months ended June 30, 2021 and 2020, respectively. The Company's average cash balances (including restricted) and short term and long term investments (in the form of fixed deposits) during the six months ended June 30, 2021 were approximately \$131.3 million and its existing cash balances as of June 30, 2021 were \$85.1 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 percent decrease in 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 \$0.1 million and \$0.1 million for the six months ended June 30, 2021 and 2020, respectively.

There were no other material changes to our market risk exposure during the six months ended June 30, 2021 and 2020. 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 2020 Form 10-K.

Item 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that we file and submit under the Exchange Act is recorded, processed, summarized and reported accurately within the time periods specified in the SEC's rules and forms. Disclosure controls also are designed to reasonably assure that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Disclosure controls include components of internal control over financial reporting, which consists of control processes designated to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with United States generally accepted accounting principles.

We monitor and evaluate on an ongoing basis our disclosure controls and procedures in order to improve their overall effectiveness. In the course of these evaluations, we modify and refine our internal processes and controls as conditions warrant.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) promulgated under the Exchange Act) as of June 30, 2021. Based on this evaluation the Company's Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material changes to our internal controls over financial reporting despite the fact that all non-essential employees are working remotely due to the COVID-19 pandemic. We are continually monitoring the impact of COVID-19 on the operating effectiveness of our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1: LEGAL PROCEEDINGS

On February 22, 2021, Christine Marie Teifke, a purported purchaser of Ebix securities, filed a putative class action in the United States District Court for the Southern District of New York, captioned *Teifke v. Ebix, Inc., et. al.*, Case No. 1:21-cv-01589-JMF, on behalf of herself and others who purchased or acquired Ebix securities between November 9, 2020 and February 19, 2021. The complaint asserts claims against the Company, Robin Raina, and Steven M. Hamil, for purported violations of Section 10(b) of the Securities Exchange Act of 1934, alleging that Ebix made false and misleading statements and failed to disclose material adverse facts about an audit of the company's gift card business in India and its internal controls over the gift and prepaid card revenue transaction cycle. The complaint alleges that Ebix's stock price fell as a result of the revelation that Ebix's independent auditor, RSM US LLP ("RSM"), had resigned, citing concerns with the company's internal controls and disagreements over other accounting issues. The complaint also asserts a claim against Robin Raina and Steven M. Hamil for purported violations of Section 20(a) of the Exchange Act arising out of the same facts. The complaint seeks, among other relief, damages and attorneys' fees and costs. On May 11, 2021, the court issued an order appointing Rahul Saraf, another purported purchaser of Ebix, Inc. securities, as lead plaintiff in the action, and the caption in the action was changed to *Saraf v. Ebix, Inc., et. al.*, Case No. 1:21-cv-01589-JMF (the "Class Action").

On May 14, 2021, Javier Calvo, a purported shareholder of the Company, filed a derivative action in the United States District Court for the Southern District of New York on behalf of Ebix captioned *Calvo v. Raina, et. al.*, Case No. 21-cv-4380-JMF (the "Calvo Action"), against individual defendants Robin Raina, Steven M Hamil, Hans U. Benz, Rolf Herter, Neil D. Eckert, Pavan Bhalla, Hans Ueli Keller, and George W. Hebard, and nominal defendant Ebix asserting claims related to the RSM resignation. The complaint asserts claims of breach of fiduciary duty against all of the individual defendants, and also asserts claims under Sections 10(b) and 21D of the Securities Exchange Act of 1934 for contribution against Robin Raina and Steven M Hamil. On July 7, 2021, the court granted a stipulation and order staying the Calvo Action pending the resolution of any motion(s) to dismiss the Class Action.

On July 13, 2021, Peter Votto, another purported Ebix shareholder, filed an additional derivative action in the United States District Court for the Southern District of New York on behalf of Ebix, captioned *Votto v. Raina, et. al.*, Case No. 21-cv-5982-JMF (the "Votto Action"), asserting claims against the same defendants as the Calvo Action. The complaint asserts claims relating to the RSM resignation against all of the individual defendants for breach of fiduciary duties, unjust enrichment,

waste of corporate assets, and rescission under Section 29(b) of the Securities Exchange Act of 1934, and claims for contribution under Sections 10(b) and 21D of the Securities Exchange Act of 1934 against Robin Raina and Steven M Hamil. On July 23, 2021, the court granted a stipulation and order consolidating the Calvo and Votto Actions. The July 7, 2021 order staying the Calvo Action pending the resolution of any motion(s) to dismiss the Class Action remains in effect for the consolidated Calvo and Votto Actions.

On July 16, 2019, Yatra Online, Inc. ("Yatra"), Ebix, Inc. ("Ebix"), and EbixCash Travels, Inc. ("Merger Sub") entered into a Merger Agreement. On May 14, 2020, Yatra entered into an agreement with Ebix and Merger Sub extending the outside date of the Merger Agreement (the "Extension Agreement"). On June 5, 2020, Yatra terminated the Merger Agreement and filed a complaint in the Delaware Court of Chancery against Ebix and Merger Sub (the "Complaint"). On September 25, 2020, Yatra amended the Complaint and added as a defendant each financial institution (each, a "Defendant Lender") party to that certain credit facility between them and Ebix, most recently amended on May 7, 2020 (the "Credit Facility"). The Complaint, as amended, alleges that Ebix and Merger Sub breached certain representations, warranties, and covenants contained in the Merger Agreement and the Extension Agreement and that Ebix negotiated in bad faith. The amended Complaint also alleges fraudulent actions by Ebix and the Defendant Lenders arising from certain terms of the Credit Facility and tortious interference with the closing of the Merger Agreement by Ebix and the Defendant Lenders. The Complaint seeks, among other relief, damages, pre-judgment and post-judgment interest, and attorneys' fees and costs. Ebix and Merger Sub deny any liability and intend to defend the action vigorously.

On May 12, 2017, Ebix Software India Pvt. Ltd. ("Ebixcash") entered into several agreements with the most prominent shareholders of Itz Cash Card Limited ("Itz"), the most relevant among these a stock purchase agreement (the "SPA"), to purchase a majority ownership stake in Itz. Further, as part of the overall purchase of Itz, a share purchase agreement between Ebixcash and individual ESOP holders of Itz was entered into on July 7, 2017 (the "ESOP SPA") (with the SPA, the ESOP SPA and the other purchase documents, collectively, the "Transaction Documents"). Part of the consideration for Ebixcash's purchase of Itz consisted of two individual potential earn-out payments, the first for the year ended March 31, 2019 (the "First Earn-Out") and the second for the following year, ending on March 31, 2020 (the "Second Earn-Out"). Neither the First Earn-Out nor the Second Earn-Out were achieved pursuant to the terms of the SPA. After correspondence between the parties between September 2019 and May 2020, the former shareholders of Itz ("Sellers") sent Ebixcash notices of arbitration ("NOAs") under which they were availing themselves of the arbitration dispute provisions set forth in the Transaction Documents. Apart from the amounts claimed owed under the earn-out provisions, the Sellers also alleged in the NOAs other violations of the terms of the Transaction Documents, including, certain non-competition and restricted matter approval violations. The matter is under arbitration in accordance with the rules of the Singapore International Arbitration Centre. The Company believes that each of the Sellers claims is without merit and continues to defend its position vigorously. The Company believes that Ebixcash has several viable counterclaims related to improper termination of the Transaction Documents and violation of non-compete provisions.

The Company is involved in various other claims and legal actions arising in the ordinary course of business, which 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, 2020, filed with the Securities and Exchange Commission on April 27, 2021 which could materially affect the Company's business, financial condition or future results. There have been no material changes from the risk factors described in our 2020 Form 10-K.

Item 2: REPURCHASES OF EQUITY SECURITIES

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.

There were no share repurchases during the fiscal first quarter ended June 30, 2021, and the maximum number (or approximate dollar value) of shares that may yet be purchased under the current program is \$80.1 million.

Item 3: DEFAULTS UPON SENIOR SECURITIES

None.

Item 4: MINE SAFETY DISCLOSURES

Not applicable.

Item 5: OTHER INFORMATION

None.

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	Amendment to Certificate of Incorporation of Ebix, Inc. dated May 25, 2017 (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017).
3.3	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 August 18, 2020).
3.4	Amendment to Certificate of Incorporation of Ebix, Inc. filed November 21, 2018 (incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018).
3.5	Certificate of Designations, Number, Voting Powers, Preferences and Rights of Series Y Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated July 25, 2019).
10.22	Amendment No.11 and Waiver dated March 31, 2021 to the Credit Agreement dated as of August 5, 2014, entered into by and among Ebix, Inc., as Borrower, certain subsidiaries of the Company from time to time party thereto, as Guarantors, Regions Bank, as Administrative Agent and Collateral Agent, and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020).
10.23	Amendment No.12 and Waiver dated April 9, 2021 to the Credit Agreement dated as of August 5, 2014, entered into by and among Ebix, Inc., as Borrower, certain subsidiaries of the Company from time to time party thereto, as Guarantors, Regions Bank, as Administrative Agent and Collateral Agent, and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 15, 2021).
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.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

SIGNATURES

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

Ebix, Inc.

Date: August 9, 2021

By: /s/ Robin Raina

Robin Raina
Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2021

By: /s/ Steven M. Hamil

Steven M. Hamil
Global Chief Financial Officer
(Principal Financial and Accounting Officer)