

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

April 12, 2021

MIND Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-13490

76-0210849

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

2002 Timberloch Place, Suite 400,
The Woodlands, Texas

77380

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(281) 353-4475

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol (s) | Name of each exchange on which registered |
|---|--------------------|---|
| Common Stock - \$0.01 par value per share | MIND | The NASDAQ Stock Market LLC |
| Series A Preferred Stock - \$1.00 par value per share | MINDP | The NASDAQ Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operation and Financial Condition.

On April 12, 2021, MIND Technology, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter and year ended January 31, 2021. The date and time for a conference call discussing the earnings are also included in the press release. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated by reference into Item 2.02.

The Company’s press release contains non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with United States generally accepted accounting principles, or GAAP. Pursuant to the requirements of Regulation G, the Company has provided within the press release quantitative reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The information in this Item 2.02 (including the press release attached as Exhibit 99.1 and incorporated by reference into Item 2.02) is being furnished, not filed, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is not subject to the liabilities of that section, and will not be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”), unless specifically identified therein as being incorporated therein by reference.

Item 7.01 Regulation FD Disclosure.

On April 12, 2021, the Company issued a press release announcing its financial results for the fiscal quarter and year ended January 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated by reference into Item 7.01.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this report should be considered forward-looking statements. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “would,” “continue,” “seek,” “target,” “guidance,” “outlook,” “if current trends continue,” “optimistic,” “forecast” and other similar words. Such statements include, but are not limited to, statements about the Company’s plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on the Company’s current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in the Company’s Annual Report on Form 10-K for the year ended January 31, 2020 (especially in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations), filed with the Securities and Exchange Commission (the “SEC”) on April 28, 2020, Quarterly Report on Form 10-Q for the quarter ended April 30, 2020, filed with the SEC on June 11, 2020, Quarterly Report on Form 10-Q for the quarter ended July 31, 2020, filed with the SEC on September 15, 2020, Quarterly Report on Form 10-Q for the quarter ended October 31, 2020, filed with the SEC on December 4, 2020 and other risks and uncertainties listed from time to time in the Company’s other filings with the SEC. There may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. In addition, there is continuing uncertainty about the spread of the COVID-19 virus and the impact it may have on the Company’s operations, the demand for the Company’s products or services, global supply chains and economic activity in general. The Company does not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these forward-looking statements other than as required by law. Any forward-looking statements speak only as of the date hereof or as of the dates indicated in the statement.

The information in this Item 7.01 (including the press release attached as Exhibit 99.1 and incorporated by reference into Item 7.01) is being furnished, not filed, for purposes of Section 18 of the Exchange Act, is not subject to the liabilities of that section, and will not be incorporated by reference into any filing under the Exchange Act or the Securities Act unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | MIND Technology, Inc. press release dated April 12, 2021. |

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 hereunto duly authorized.

April 12, 2021

MIND Technology, Inc.

By: /s/ Robert P. Capps

Name: Robert P. Capps

*Title: Co-Chief Executive Officer, Executive Vice President-
Finance and Chief Financial Officer*



FUTURE THINKING. LEADING TECHNOLOGIES.

NEWS RELEASE

Contacts:

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MIND Technology, Inc.
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MIND@dennardlascar.com

MIND TECHNOLOGY, INC. REPORTS FISCAL 2021 FOURTH QUARTER AND YEAR-END RESULTS

THE WOODLANDS, TX – April 12, 2021 – MIND Technology, Inc. (NASDAQ: MIND) (“MIND” or the “Company”) today announced financial results for its fiscal 2021 fourth quarter and year ended January 31, 2021.

Revenues from Marine Technology Products sales for the fourth quarter of fiscal 2021 were \$6.4 million compared to \$6.5 million in the third quarter of fiscal 2021 and \$8.9 million in the fourth quarter of fiscal 2020. Total revenues from continuing operations for fiscal 2021 were \$21.2 million compared to \$29.9 million in fiscal 2020.

The Company reported a net loss from continuing operations for the fourth quarter of fiscal 2021 of \$3.3 million compared to a net loss of \$2.4 million in the third quarter of fiscal 2021 and a net loss of \$1.5 million in the fourth quarter of fiscal 2020. Fourth quarter of fiscal 2021 net loss from continuing operations attributable to common stockholders was a \$(0.29) per share, compared to a net loss per share from continuing operations of \$(0.24) in the third quarter of fiscal 2021 and a net loss per share of \$(0.17) in the fourth quarter of fiscal 2020. On an annual basis, the Company reported a net loss of \$22.5 million attributable to common stockholders in fiscal 2021, or \$(1.30) per share, compared to a net loss of \$13.3 million attributable to common stockholders in fiscal 2020, or \$(0.71) per share.

Adjusted EBITDA from continuing operations for the fourth quarter of fiscal 2021 was a loss of approximately \$1.8 million compared to a loss of \$1.5 million in the third quarter of fiscal 2021 and a profit of \$807,000 in the fourth quarter of fiscal 2020. For the full year, Adjusted EBITDA from continuing operations was a loss of \$7.3 million compared to a loss of \$1.7 million in fiscal 2020. Adjusted EBITDA from continuing operations, which is a non-GAAP measure, is defined and reconciled to reported net loss from continuing operations and cash provided by operating activities

in the accompanying financial tables. These are the most directly comparable financial measures calculated and presented in accordance with United States generally accepted accounting principles.

Backlog of Marine Technology Products as of January 31, 2021 was approximately \$14.2 million compared to \$8.2 million at October 31, 2020 and \$8.9 million at January 31, 2020.

Rob Capps, MIND's Co-Chief Executive Officer, stated, "It is suffice to say that we are glad to put this past year behind us. Despite the challenges and business disruptions caused by the COVID-19 pandemic, we accomplished a great deal in fiscal 2021 and began to see an uptick in activity during the second half. While our fourth quarter results for fiscal 2021 came in roughly as expected, the highlight was our record backlog, which increased 73% sequentially over the third quarter. In recent months, we have continued to experience an increase in orders and inquiries for marine exploration applications, particularly for our source controllers, and we expect essentially all these orders to be completed within fiscal 2022. Thus, we expect revenues from continuing operations in fiscal 2022 to exceed those of fiscal 2021.

"We are also seeing other indications of a recovery in fiscal 2022. We recently expanded our long-standing relationship with PGS, a leading integrated marine geophysical company. Under this new framework agreement, we expect to provide advanced source controller technology over the coming years, adding to the GunLink and SourceLink products currently deployed in the PGS fleet. We have also recently received orders for new seismic source controllers or upgrades of systems that we previously sold and, based on current discussion with existing and potential customers, we believe demand for our source controllers will continue.

"We are also addressing the need for specific applications in our primary marine and maritime security markets by introducing new technologies and products. As you may recall, we developed a revolutionary sonar technology ('MA-X') in fiscal 2020 that has afforded new opportunities. We have focused much of our product development activity on sensor systems specifically for the rapidly-growing un-manned vehicle market and entered into an agreement with a major European defense contractor for the joint offering of synthetic aperture sonar ('SAS'). We also began the development of passive sonar arrays based on our existing SeaLink technology, which has anti-submarine warfare ('ASW') and maritime security applications.

"As we pursue our initiatives to expand our product offerings and market penetration, we are internally developing new technologies to strengthen our existing portfolio and create new solutions to address the global marine marketplace. While some of these projects have long lead times and unpredictable sales cycles, our goal is to grow our total revenues to \$140 million over the next five years with an EBITDA margin of over 20%. Key growth drivers over the next five years include

rising global demand for autonomous vehicles, both surface and underwater, the need for higher resolution sonar systems and build-up of ASW capabilities.

“We are proud of the progress we have achieved over the past year in exiting the land leasing business and transitioning to a global provider of innovative marine technology solutions. Going forward, we have confidence that the positive trend for order flow will continue in fiscal 2022 and beyond. We have taken the necessary steps to control expenses in response to the impact of the COVID-19 pandemic while maintaining a healthy balance sheet with zero debt as of today. We plan to continue to execute our strategy to become the leading provider of innovative marine technology and products, and we believe that the Company is well-positioned to capture both internal and non-organic growth opportunities as they develop,” concluded Capps.

NOTE: As has been previously disclosed, the Company is exiting the land leasing business as part of its recently completed reincorporation and rebranding process. Accordingly, the Equipment Leasing segment has been treated as a discontinued operation, and the associated results are excluded from the Company’s results from continuing operations for all periods presented. Assets and liabilities associated with the Equipment Leasing segment have been reclassified as “held for sale” in the accompanying consolidated condensed balance sheet.

CONFERENCE CALL

Management has scheduled a conference call for Tuesday, April 13th at 9:00 a.m. Eastern Time (8:00 a.m. Central Time) to discuss fiscal 2021 fourth quarter and year-end results. To access the call, please dial (412) 902-0030 and ask for the MIND Technology call at least 10 minutes prior to the start time. Investors may also listen to the conference live on the MIND Technology website, <http://mind-technology.com>, by logging onto the site and clicking “Investor Relations.” A telephonic replay of the conference call will be available through April 20, 2021 and may be accessed by calling (201) 612-7415 and using passcode 13717256#. A webcast archive will also be available at <http://mind-technology.com> shortly after the call and will be accessible for approximately 90 days. For more information, please contact Dennard Lascar Investor Relations by email MIND@dennardlascar.com.

ABOUT MIND TECHNOLOGY

MIND Technology, Inc. provides technology and solutions for exploration, survey and defense applications in oceanographic, hydrographic, defense, seismic and security industries.

Headquartered in The Woodlands, Texas, MIND Technology has a global presence with key operating locations in the United States, Singapore, Malaysia and the United Kingdom. Its Klein and Seamap units design, manufacture and sell specialized, high performance sonar and seismic equipment. For more information, visit <http://mind-technology.com>.

Forward-looking Statements

Certain statements and information in this press release concerning results for the fiscal quarter and year ended January 31, 2021 constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “expect,” “anticipate,” “plan,” “intend,” “should,” “would,” “could” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts of our existing operations and do not include the potential impact of any future acquisitions or dispositions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, without limitation, reductions in our customers’ capital budgets, our own capital budget, limitations on the availability of capital or higher costs of capital, volatility in commodity prices for oil and natural gas and the extent of disruptions caused by the COVID-19 outbreak.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, unless required by law, whether as a result of new information, future events or otherwise. All forward-looking statements included in this press release are expressly qualified in their entirety by the cautionary statements contained or referred to herein.

Tables to Follow

MIND TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

| | January 31, 2021 | January 31, 2020 |
|--|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,611 | \$ 3,090 |
| Restricted cash | — | 144 |
| Accounts receivable, net of allowance for doubtful accounts of \$948 and \$2,378 at January 31, 2021 and 2020, respectively | 4,747 | 6,623 |
| Inventories, net | 11,453 | 12,656 |
| Prepaid expenses and other current assets | 1,659 | 1,987 |
| Assets held for sale | 4,321 | 14,913 |
| Total current assets | 26,791 | 39,413 |
| Property and equipment, net | 4,751 | 5,419 |
| Operating lease right-of-use assets | 1,471 | 2,300 |
| Intangible assets, net | 6,750 | 8,136 |
| Goodwill | — | 2,531 |
| Other assets | — | 429 |
| Total assets | \$ 39,763 | \$ 58,228 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,704 | \$ 1,767 |
| Deferred revenue | 208 | 731 |
| Accrued expenses and other current liabilities | 2,912 | 1,565 |
| Income taxes payable | 562 | 316 |
| Operating lease liabilities - current | 1,008 | 1,339 |
| Liabilities held for sale | 1,442 | 2,730 |
| Total current liabilities | 7,836 | 8,448 |
| Operating lease liabilities - non-current | 463 | 961 |
| Notes payable | 850 | — |
| Other non-current liabilities | — | 967 |
| Deferred tax liability | 198 | 200 |
| Total liabilities | 9,347 | 10,576 |
| Stockholders' equity: | | |
| Preferred stock, \$1.00 par value; 2,000 shares authorized; 1,038 and 994 shares issued and outstanding at January 31, 2021 and 2020, respectively | 23,104 | 22,104 |
| Common stock, \$0.01 par value; 40,000 shares authorized; 15,681 and 14,049 shares issued at January 31, 2021 and 2020, respectively | 157 | 141 |
| Additional paid-in capital | 128,241 | 123,964 |
| Treasury stock, at cost (1,929 shares at January 31, 2021 and 2020) | (16,860) | (16,860) |
| Accumulated deficit | (99,870) | (77,310) |
| Accumulated other comprehensive loss | (4,356) | (4,387) |
| Total stockholders' equity | 30,416 | 47,652 |
| Total liabilities and stockholders' equity | \$ 39,763 | \$ 58,228 |

MIND TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | For the Three Months Ended January 31, | | For the Twelve Months Ended January 31, | |
|--|---|------------|--|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | |
| Sale of marine technology products | \$ 6,401 | \$ 8,880 | \$ 21,215 | \$ 29,919 |
| Total revenues | 6,401 | 8,880 | 21,215 | 29,919 |
| Cost of sales: | | | | |
| Sale of marine technology products | 3,867 | 4,487 | 13,906 | 16,965 |
| Total cost of sales | 3,867 | 4,487 | 13,906 | 16,965 |
| Gross profit | 2,534 | 4,393 | 7,309 | 12,954 |
| Operating expenses: | | | | |
| Selling, general and administrative | 3,733 | 3,602 | 12,648 | 14,140 |
| Research and development | 926 | 408 | 3,003 | 1,850 |
| Provision for doubtful accounts | 659 | — | 659 | — |
| Impairment of intangible assets | — | 760 | 2,531 | 760 |
| Depreciation and amortization | 704 | 684 | 2,796 | 2,494 |
| Total operating expenses | 6,022 | 5,454 | 21,637 | 19,244 |
| Operating loss | (3,488) | (1,061) | (14,328) | (6,290) |
| Other income (expense): | | | | |
| Other, net | 794 | (45) | 862 | 100 |
| Total other income (expense) | 794 | (45) | 862 | 100 |
| Loss from continuing operations before income taxes | (2,694) | (1,106) | (13,466) | (6,190) |
| Provision for income taxes | (615) | (428) | (536) | (353) |
| Loss from continuing operations | (3,309) | (1,534) | (14,002) | (6,543) |
| Loss from discontinued operations, net of income taxes | (161) | (2,174) | (6,304) | (4,744) |
| Net loss | \$ (3,470) | \$ (3,708) | \$ (20,306) | \$ (11,287) |
| Preferred stock dividends | (577) | (558) | (2,254) | (2,050) |
| Net loss attributable to common stockholders | \$ (4,047) | \$ (4,266) | \$ (22,560) | \$ (13,337) |
| Net loss per common share: - Basic | | | | |
| Continuing operations | \$ (0.29) | \$ (0.17) | \$ (1.30) | \$ (0.71) |
| Discontinued operations | \$ (0.01) | \$ (0.18) | \$ (0.50) | \$ (0.39) |
| Net loss | \$ (0.30) | \$ (0.35) | \$ (1.80) | \$ (1.10) |
| Net loss per common share: - Diluted | | | | |
| Continuing operations | \$ (0.29) | \$ (0.17) | \$ (1.30) | \$ (0.71) |
| Discontinued operations | \$ (0.01) | \$ (0.18) | \$ (0.50) | \$ (0.39) |
| Net loss | \$ (0.30) | \$ (0.35) | \$ (1.80) | \$ (1.10) |
| Shares used in computing net loss per common share: | | | | |
| Basic | 13,313 | 12,167 | 12,519 | 12,143 |
| Diluted | 13,313 | 12,167 | 12,519 | 12,143 |

MIND TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

| | For the Twelve Months Ended January 31, | |
|--|--|-----------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Net loss | \$ (20,306) | \$ (11,287) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| PPP loan forgiveness | (757) | — |
| Depreciation and amortization | 4,627 | 7,768 |
| Stock-based compensation | 708 | 854 |
| Impairment of intangible assets | 2,531 | 760 |
| Loss on disposal of discontinued operations | 1,859 | — |
| Provision for doubtful accounts, net of charge offs | 1,129 | 2,000 |
| Provision for inventory obsolescence | 321 | 298 |
| Gross profit from sale of lease pool equipment | (1,326) | (1,197) |
| Gross profit from sale of other equipment | (357) | — |
| Deferred tax expense | 32 | 503 |
| Non-current prepaid tax | — | 50 |
| Changes in: | | |
| Accounts receivable | 4,632 | (1,723) |
| Unbilled revenue | 72 | (327) |
| Inventories | 1,178 | (2,810) |
| Income taxes receivable and payable | 767 | — |
| Accounts payable, accrued expenses and other current liabilities | (2,510) | (178) |
| Prepaid expenses and other current and long-term assets | 581 | (506) |
| Deferred revenue | 459 | (335) |
| Foreign exchange losses net of gains | — | 313 |
| Net cash used in operating activities | <u>(6,360)</u> | <u>(5,817)</u> |
| Cash flows from investing activities: | | |
| Purchases of seismic equipment held for lease | (110) | (2,955) |
| Purchase of technology | (366) | — |
| Purchases of property and equipment | (90) | (1,036) |
| Sale of used lease pool equipment | 2,010 | 1,664 |
| Sale of assets held for sale | 1,506 | — |
| Sale of business, net of cash sold | 257 | 239 |
| Net cash provided by (used in) investing activities | <u>3,207</u> | <u>(2,088)</u> |
| Cash flows from financing activities: | | |
| Net proceeds from preferred stock offering | 1,000 | 3,773 |
| Net proceeds from common stock offering | 3,584 | — |
| Preferred stock dividends | (1,677) | (2,050) |
| Proceeds from PPP loans | 1,607 | — |
| Proceeds from exercise of stock options | — | 26 |
| Net cash provided by financing activities | <u>4,514</u> | <u>1,749</u> |
| Effect of changes in foreign exchange rates on cash, cash equivalents and restricted cash | <u>16</u> | <u>(159)</u> |
| Net increase (decrease) in cash, cash equivalents and restricted cash | <u>1,377</u> | <u>(6,315)</u> |
| Cash, cash equivalents and restricted cash, beginning of period | <u>3,234</u> | <u>9,549</u> |
| Cash, cash equivalents and restricted cash, end of period | <u>\$ 4,611</u> | <u>\$ 3,234</u> |

MIND TECHNOLOGY, INC.
Reconciliation of Net Loss From Continuing Operations and Net Cash Used in Operating Activities to EBITDA and
Adjusted EBITDA From Continuing Operations
(in thousands)
(unaudited)

| | For the Three Months Ended January 31, | | For the Twelve Months Ended January 31, | |
|--|---|-----------------|--|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of Net loss from continuing operations to EBITDA and Adjusted EBITDA | | | | |
| Net loss from continuing operations | \$ (3,309) | \$ (1,533) | \$ (14,002) | \$ (6,543) |
| Depreciation and amortization | 704 | 909 | 2,796 | 2,823 |
| Provision for income taxes | 615 | 428 | 536 | 353 |
| EBITDA from continuing operations (1) | (1,990) | (196) | (10,670) | (3,367) |
| Non-cash foreign exchange losses | 31 | — | 110 | 86 |
| Stock-based compensation | 146 | 243 | 708 | 854 |
| Impairment of intangible assets | — | 760 | 2,531 | 760 |
| Adjusted EBITDA from continuing operations (1) | <u>\$ (1,813)</u> | <u>\$ 807</u> | <u>\$ (7,321)</u> | <u>\$ (1,667)</u> |
| Reconciliation of Net Cash Used in Operating Activities to EBITDA | | | | |
| Net cash used in operating activities | \$ (1,557) | \$ (1,569) | \$ (6,360) | \$ (5,817) |
| PPP loan forgiveness | 757 | — | 757 | — |
| Stock-based compensation | (146) | (243) | (708) | (854) |
| Provision for doubtful accounts | (659) | — | (659) | — |
| Provision for inventory obsolescence | (65) | (275) | (132) | (298) |
| Changes in accounts receivable (current and long-term) | (899) | 2,150 | (3,077) | 3,066 |
| Interest paid | 6 | 23 | 40 | 63 |
| Taxes paid, net of refunds | 117 | 173 | 336 | 498 |
| Loss on sale of subsidiaries | 54 | — | 357 | — |
| Changes in inventory | (236) | 144 | (998) | 3,306 |
| Changes in accounts payable, accrued expenses and other current liabilities and deferred revenue | (218) | 1,628 | 1,223 | (307) |
| Impairment of intangible assets | — | (760) | (2,531) | (760) |
| Changes in prepaid expenses and other current and long-term assets | 477 | 746 | (154) | 601 |
| Foreign exchange gains, net | — | (83) | — | (313) |
| Other | 379 | (2,130) | 1,236 | (2,552) |
| EBITDA from continuing operations (1) | <u>\$ (1,990)</u> | <u>\$ (196)</u> | <u>\$ (10,670)</u> | <u>\$ (3,367)</u> |

1. Adjusted EBITDA are non-GAAP financial measures. EBITDA is defined as net income before (a) interest income and interest expense, (b) provision for (or benefit from) income taxes and (c) depreciation and amortization. Adjusted EBITDA excludes non-cash foreign exchange gains and losses, stock-based compensation, impairment of intangible assets, other non-cash tax related items and non-cash costs of lease pool equipment sales. We consider EBITDA and Adjusted EBITDA to be important indicators for the performance of our business, but not measures of performance or liquidity calculated in accordance with GAAP. We have included these non-GAAP financial measures because management utilizes this information for assessing our performance and liquidity, and as indicators of our ability to make capital expenditures, service debt and finance working capital requirements and we believe that EBITDA and Adjusted EBITDA are measurements that are commonly used by analysts and some investors in evaluating the performance and liquidity of companies such as us. In particular, we believe that it is useful to our analysts and investors to understand this relationship because it excludes transactions not related to our core cash operating activities. We believe that excluding these transactions allows investors to meaningfully trend and analyze the performance of our core cash operations. EBITDA and Adjusted EBITDA are not measures of financial performance or liquidity under GAAP and should not be considered in isolation or as alternatives to cash flow from operating activities or as alternatives to net income as indicators of operating performance or any other measures of performance derived in accordance with GAAP. In evaluating our performance as measured by EBITDA, management recognizes and considers the limitations of this measurement. EBITDA and Adjusted EBITDA do not reflect our obligations for the payment of income taxes, interest expense or other obligations such as capital expenditures. Accordingly, EBITDA and Adjusted EBITDA are only two of the measurements that management utilizes. Other companies in our industry may calculate EBITDA or Adjusted EBITDA differently than we do and EBITDA and Adjusted EBITDA may not be comparable with similarly titled measures reported by other companies.