



Verra Mobility Announces Third Quarter 2018 Financial Results

November 8, 2018

MESA, Arizona, Nov. 8, 2018 /PRNewswire/ -- Verra Mobility Corporation (NASDAQ: VRRM) (the "**Company**" or "Verra Mobility") a leading provider of smart mobility technology solutions, today announced financial results for the quarter ended September 30, 2018.



Total revenue for the third quarter increased to \$107.6 million compared to \$56.1 million for third quarter of 2017. During 2018, the Company completed two acquisitions that together contributed \$40.2 million to the year-over-year revenue growth. Excluding the impact of the acquisitions, total revenue grew by \$11.3 million, an increase of 20% over the same quarter in the prior year.

"During the third quarter we executed on our strategy of growing the core business, while integrating two strategic acquisitions and investing in new product offerings," said David Roberts, Chief Executive Officer of Verra Mobility. "We are committed to serving our customers and communities by making transportation safer, easier and more connected."

The Company reports its results of operations based on two operating segments: Commercial Services and Government Solutions. Commercial Services delivers market leading automated toll and violations management and title and registration solutions to rental car companies, fleet management companies and other large fleet owners. Government Solutions delivers market leading automated safety solutions to municipalities and school districts, including services and technology that enable photo enforcement via road safety camera programs related to red light, speed, school bus, and city bus lanes.

Third Quarter 2018 Financial Highlights

- Generated Net Income of \$6.5 million
- Adjusted EBITDA of \$61.9 million is 57.6% of total revenue
- Commercial Services segment generated revenue of \$72.0 million and segment profit of \$49.4 million
- Government Solutions segment generated revenue of \$35.6 million and segment profit of \$12.5 million
- Operating expenses as a percentage of total revenue were 25.9% compared to 38.6% in the prior year
- Cash flow from operations was \$46.1 million

David Roberts, Verra Mobility's CEO, remarked, "Our recent acquisitions are performing well and we are achieving our synergy targets. Segment profit margins for Commercial Services were nearly 69% for the quarter. We expect to end the year strong and ahead of revenue and profit estimates."

Quarterly Conference Call

Verra Mobility will host a conference call today at 3:00 p.m. Mountain Time (5:00 p.m. Eastern Time) to review the Company's financial results for the quarter ended September 30, 2018. To access this call, dial (800) 289-0438 for the U.S. or Canada, or (323) 794-2423 for international callers. A live webcast of the conference call will be accessible from the Investors section of Verra Mobility's website at <http://ir.verramobility.com>, and a recording will be archived and accessible at <http://ir.verramobility.com>. An audio replay of this conference call will also be available through November 22, 2018, by dialing (844) 512-2921 for the U.S. or Canada, or (412) 317-6671 for international callers, and entering passcode 7026761.

Forward-Looking Statements

This press release contains forward-looking statements which address The Company's expected future business and financial performance, and often contain words such as "goal," "target," "future," "estimate," "expect," "anticipate," "intend," "plan," "believe,"

"seek," "project," "may," "should," or "will" and similar expressions. Examples of forward-looking statements include, among others, statements regarding the benefits of the Company's strategic acquisitions; changes in the market for our products and services; expected operating results, such as revenue growth; expansion plans and opportunities; and earnings guidance related to 2018 financial and operational metrics. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those currently anticipated. Risks and uncertainties that may affect future results include those that are described from time to time in the Company's filings with the Securities and Exchange Commission ("SEC"), which are available on the Company's Investor Relations website, <http://ir.verramobility.com>, and on the SEC website, www.sec.gov. These forward-looking statements represent the judgment of the Company, as of the date of this release, and Verra Mobility disclaims any intent or obligation to update forward-looking statements. This press release should be read in conjunction with the information included in the Company's other press releases, reports and other filings with the SEC. Understanding the information contained in these filings is important in order to fully understand the Company's reported financial results and our business outlook for future periods.

Non-GAAP Financial Information

In addition to disclosing financial results that are determined in accordance with U.S. generally accepted accounting principles ("**GAAP**"), the Company also discloses certain non-GAAP financial information in this press release. These financial measures are not recognized measures under GAAP and they are not intended to be and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures as defined by SEC rules. This non-GAAP financial information may be determined or calculated differently by other companies. Reconciliations of these non-GAAP measurements to the most directly comparable GAAP financial measurements have been provided in the financial statement tables included in this press release, and investors are encouraged to review the reconciliation.

About Verra Mobility

Verra Mobility is committed to developing and using the latest in technology and data intelligence to help make transportation safer and easier. As a global company, Verra Mobility sits at the center of the mobility ecosystem – one that brings together vehicles, devices, information, and people to solve the most complex challenges faced by our customers and the constituencies they serve.

Verra Mobility serves the world's largest commercial fleets and rental car companies to manage tolling transactions and violations for millions of vehicles. A leading provider of connected systems, Verra Mobility processes millions of transactions each year through connectivity with more than 50 individual tolling authorities and more than 400 issuing authorities. Verra Mobility also fosters the development of safe cities, partnering with law enforcement agencies, transportation departments and school districts across North America operating thousands of red-light, speed, bus lane and school bus stop arm safety cameras. For more information, visit www.verramobility.com.

Investor Contact

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VERRA MOBILITY CORPORATION AND SUBSIDIARIES UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>September 30,</u> <u>2018</u> | <u>December 31,</u> <u>2017</u> |
|---|-------------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| | \$ | \$ |
| Cash and cash equivalents | 51,948,613 | 8,724,945 |
| Restricted cash | 1,727,645 | 1,784,665 |
| Accounts receivable, net | 76,215,796 | 60,180,536 |
| Unbilled receivables | 12,546,409 | 4,802,074 |
| Prepaid expenses and other current assets | 17,750,138 | 15,788,912 |
| Total current assets | 160,188,601 | 91,281,132 |
| Installation and service parts, net | 11,368,887 | 9,066,913 |
| Property and equipment, net | 67,196,125 | 65,370,696 |
| Intangible assets, net | 538,103,690 | 203,749,221 |
| Goodwill | 564,394,454 | 294,414,522 |
| Other non-current assets | 2,305,216 | 982,731 |
| | \$ | \$ |
| Total assets | <u>1,343,556,973</u> | <u>664,865,215</u> |
| Liabilities and stockholders' equity | | |

| | | |
|---|-------------------------|-----------------------|
| Current liabilities: | | |
| Accounts payable | \$ | \$ |
| Accrued liabilities | 47,697,160 | 20,158,977 |
| Current portion of long-term debt | 15,763,074 | 10,086,622 |
| Total current liabilities | <u>8,400,000</u> | <u>3,250,000</u> |
| Long term debt, net of current portion and deferred financing costs | 71,860,234 | 33,495,599 |
| Other long-term liabilities | 980,058,924 | 425,439,034 |
| Asset retirement obligations | 3,176,764 | 2,689,145 |
| Deferred income taxes, net | 6,730,721 | 6,373,125 |
| Total Liabilities | <u>41,790,046</u> | <u>49,603,691</u> |
| Stockholders' equity: | | |
| Common stock, \$.01 par value, 1,000 shares authorized with 100 shares issued and outstanding at September 30, 2018 and December 31, 2017 | 1 | 1 |
| Additional paid-in capital | 246,582,030 | 129,026,398 |
| Retained earnings (accumulated deficit) | (2,201,891) | 18,238,222 |
| Accumulated other comprehensive loss | <u>(4,439,856)</u> | <u>-</u> |
| Total stockholders' equity | <u>239,940,284</u> | <u>147,264,621</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,343,556,973</u> | <u>\$ 664,865,215</u> |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

| | <u>Successor</u> | |
|---|---------------------------|---------------------------|
| | <u>Three months ended</u> | <u>Three months ended</u> |
| | <u>September 30, 2018</u> | <u>September 30, 2017</u> |
| Service revenue | \$ 105,203,673 | \$ 55,608,693 |
| Product sales | 2,398,807 | 480,699 |
| Total revenue | <u>107,602,480</u> | <u>56,089,392</u> |
| Cost of service revenue | 1,735,420 | 838,211 |
| Cost of product sales | 1,375,105 | 284,258 |
| Operating expenses | 27,819,681 | 21,703,331 |
| Selling, general and administrative expenses | 21,687,265 | 15,830,550 |
| Depreciation, amortization and (gain) loss on disposal of assets, net | 28,789,672 | 14,221,542 |
| Total costs and expenses | <u>81,407,143</u> | <u>52,877,892</u> |
| Income from operations | 26,195,337 | 3,211,500 |
| Interest expense | 20,312,956 | 8,947,089 |
| Other income, net | <u>(2,942,255)</u> | <u>(1,073,966)</u> |
| Total other expense | <u>17,370,701</u> | <u>7,873,123</u> |
| Net income (loss) before income tax provision (benefit) | 8,824,636 | (4,661,623) |
| Income tax provision (benefit) | <u>2,311,923</u> | <u>(1,314,474)</u> |
| Net income (loss) | 6,512,713 | (3,347,149) |
| Other comprehensive loss: | | |
| Foreign currency translation adjustment | <u>(727,998)</u> | <u>-</u> |
| Total comprehensive income (loss) | <u>\$ 5,784,715</u> | <u>\$ (3,347,149)</u> |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

| | <u>Successor</u> | | <u>Predecessor</u> |
|-----------------|---------------------------|---------------------------|--------------------------|
| | <u>Nine months ended</u> | <u>Four months ended</u> | <u>Five months ended</u> |
| | <u>September 30, 2018</u> | <u>September 30, 2017</u> | <u>May 31, 2017</u> |
| Service revenue | \$ 271,253,648 | \$ 74,386,326 | \$ 92,530,939 |

| | | | |
|---|--------------------------|---------------------|---------------------|
| Product sales | 3,786,660 | 688,325 | 1,340,191 |
| Total revenue | 275,040,308 | 75,074,651 | 93,871,130 |
| Cost of service revenue | 4,217,444 | 1,123,209 | 1,369,445 |
| Cost of product sales | 2,425,132 | 471,197 | 963,504 |
| Operating expenses | 80,300,635 | 28,767,893 | 35,967,664 |
| Selling, general and administrative expenses | 82,550,861 | 30,049,143 | 40,884,179 |
| Depreciation, amortization and (gain) loss on disposal of assets, net | 74,829,641 | 19,243,972 | 12,613,143 |
| Total costs and expenses | 244,323,713 | 79,655,414 | 91,797,935 |
| Income (loss) from operations | 30,716,595 | (4,580,763) | 2,073,195 |
| Interest expense | 52,538,757 | 11,835,402 | 875,102 |
| Loss on extinguishment of debt | 10,151,074 | - | - |
| Other income, net | (7,000,884) | (1,335,249) | (1,294,299) |
| Total other expense (income) | 55,688,947 | 10,500,153 | (419,197) |
| Net (loss) income before income tax (benefit) provision | (24,972,352) | (15,080,916) | 2,492,392 |
| Income tax (benefit) provision | (4,532,239) | (4,137,563) | 1,252,793 |
| Net (loss) income | (20,440,113) | (10,943,353) | 1,239,599 |
| Other comprehensive loss: | | | |
| Foreign currency translation adjustment | (4,439,856) | - | - |
| Total comprehensive (loss) income | <u>\$ (24,879,969)\$</u> | <u>(10,943,353)</u> | <u>\$ 1,239,599</u> |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED STATEMENTS OF SEGMENT PROFITABILITY

| | Successor | | | Total |
|--|----------------------|----------------------|------------------------|----------------------|
| | Government Solutions | Commercial Services | Corporate and Other | |
| For the three months ended September 30, 2018 | | | | |
| | \$ | \$ | | \$ |
| Service revenue | 33,231,500 | 71,972,173 | \$ - | 105,203,673 |
| Product sales | 2,398,807 | - | - | 2,398,807 |
| Total revenue | 35,630,307 | 71,972,173 | - | 107,602,480 |
| Cost of service revenue | 648,277 | 1,087,143 | - | 1,735,420 |
| Cost of product sales | 1,375,105 | - | - | 1,375,105 |
| Operating expenses | 13,850,461 | 13,969,220 | - | 27,819,681 |
| Selling, general and administrative expenses | 7,240,689 | 10,439,986 | 4,006,590 | 21,687,265 |
| Other (income) expense, net | (26,123) | (2,943,006) | 26,874 | (2,942,255) |
| Segment Profit (Loss) | \$ 12,541,898 | \$ 49,418,830 | \$ (4,033,464) | \$ 57,927,264 |
| Segment profit (loss) | \$ 12,541,898 | \$ 49,418,830 | \$ (4,033,464) | \$ 57,927,264 |
| Depreciation, amortization, impairment, and (gain) loss on disposal of assets, net | - | - | 28,789,672 | 28,789,672 |
| Interest expense | - | - | 20,312,956 | 20,312,956 |
| Loss on extinguishment of debt | - | - | - | - |
| Income (loss) before income taxes | <u>\$ 12,541,898</u> | <u>\$ 49,418,830</u> | <u>\$ (53,136,092)</u> | <u>\$ 8,824,636</u> |

| | Successor | | | Total |
|--|----------------------|---------------------|---------------------|---------------|
| | Government Solutions | Commercial Services | Corporate and Other | |
| For the three months ended September 30, 2017 | | | | |
| | \$ | \$ | | \$ |
| Service revenue | 32,373,306 | 23,235,387 | \$ - | \$ 55,608,693 |
| Product sales | 480,699 | - | - | 480,699 |
| Total revenue | 32,854,005 | 23,235,387 | \$ - | \$ 56,089,392 |
| Cost of service revenue | 641,407 | 196,804 | - | 838,211 |
| Cost of product sales | 284,258 | - | - | 284,258 |
| Operating expenses | 14,828,550 | 6,874,781 | - | 21,703,331 |
| Selling, general and administrative expenses | 5,522,603 | 5,994,795 | 4,313,152 | 15,830,550 |

| | | | | |
|--|----------------------|-------------------|---------------------|-----------------------|
| Other (income) expense, net | (26,925) | (1,049,475) | 2,434 | (1,073,966) |
| | | \$ | \$ | |
| Segment Profit (Loss) | \$ 11,604,112 | 11,218,482 | (4,315,586) | \$ 18,507,008 |
| | | \$ | \$ | |
| Segment profit (loss) | \$ 11,604,112 | 11,218,482 | (4,315,586) | \$ 18,507,008 |
| Depreciation, amortization, impairment, and (gain) loss on disposal of assets, net | - | - | 14,221,542 | 14,221,542 |
| Interest | - | - | 8,947,089 | 8,947,089 |
| | | \$ | \$ | |
| Income (loss) before income taxes | <u>\$ 11,604,112</u> | <u>11,218,482</u> | <u>(27,484,217)</u> | <u>\$ (4,661,623)</u> |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED STATEMENTS OF SEGMENT PROFITABILITY

| | Successor | | | |
|--|----------------------|---------------------|----------------------|-----------------------|
| | Government Solutions | Commercial Services | Corporate and Other | Total |
| For the nine months ended September 30, 2018 | | | | |
| | \$ | \$ | | \$ |
| Service revenue | 107,063,888 | 164,189,760 | \$ - | 271,253,648 |
| Product sales | 3,786,660 | - | - | 3,786,660 |
| Total revenue | 110,850,548 | 164,189,760 | - | 275,040,308 |
| Cost of service revenue | 2,163,458 | 2,053,986 | - | 4,217,444 |
| Cost of product sales | 2,425,132 | - | - | 2,425,132 |
| Operating expenses | 42,701,929 | 37,598,706 | - | 80,300,635 |
| Selling, general and administrative expenses | 20,585,732 | 42,992,315 | 18,972,814 | 82,550,861 |
| Other (income) expense, net | (88,853) | (6,911,623) | (408) | (7,000,884) |
| Segment Profit (Loss) | <u>\$ 43,063,150</u> | <u>88,456,376</u> | <u>(18,972,406)</u> | <u>\$ 112,547,120</u> |
| | \$ | \$ | \$ | \$ |
| Segment profit (loss) | 43,063,150 | 88,456,376 | (18,972,406) | 112,547,120 |
| Depreciation, amortization, impairment, and (gain) loss on disposal of assets, net | - | - | 74,829,641 | 74,829,641 |
| Interest expense | - | - | 52,538,757 | 52,538,757 |
| Loss on extinguishment of debt | - | - | 10,151,074 | 10,151,074 |
| | \$ | \$ | \$ | \$ |
| Income (loss) before income taxes | <u>43,063,150</u> | <u>88,456,376</u> | <u>(156,491,878)</u> | <u>(24,972,352)</u> |

| | Successor | | | |
|--|----------------------|----------------------|---------------------|----------------------|
| | Government Solutions | Commercial Services | Corporate and Other | Total |
| For the four months ended September 30, 2017 | | | | |
| | \$ | \$ | \$ | \$ |
| Service revenue | \$ 43,746,847 | \$ 30,639,479 | \$ - | 74,386,326 |
| Product sales | 688,325 | - | - | 688,325 |
| Total revenue | \$ 44,435,172 | \$ 30,639,479 | \$ - | 75,074,651 |
| Cost of service revenue | 876,729 | 246,480 | - | 1,123,209 |
| Cost of product sales | 471,197 | - | - | 471,197 |
| Operating expenses | 19,702,233 | 9,065,660 | - | 28,767,893 |
| Selling, general and administrative expenses | 7,244,266 | 7,863,415 | 14,941,462 | 30,049,143 |
| Other (income) expense, net | (33,346) | (1,304,337) | 2,434 | (1,335,249) |
| Segment Profit (Loss) | <u>\$ 16,174,093</u> | <u>\$ 14,768,261</u> | <u>(14,943,896)</u> | <u>\$ 15,998,458</u> |
| | \$ | \$ | \$ | \$ |
| Segment profit (loss) | \$ 16,174,093 | \$ 14,768,261 | (14,943,896) | 15,998,458 |
| Depreciation, amortization, impairment, and (gain) loss on disposal of assets, net | - | - | 19,243,972 | 19,243,972 |
| Interest | - | - | 11,835,402 | 11,835,402 |
| | \$ | \$ | \$ | \$ |
| Income (loss) before income taxes | <u>\$ 16,174,093</u> | <u>\$ 14,768,261</u> | <u>(46,023,270)</u> | <u>(15,080,916)</u> |

UNAUDITED STATEMENTS OF SEGMENT PROFITABILITY

| | Predecessor | | | Total |
|--|----------------------|---------------------|---------------------|-------------------|
| | Government Solutions | Commercial Services | Corporate and Other | |
| For the five months ended May 31, 2017 | | | | |
| | \$ | \$ | | \$ |
| Service revenue | 57,021,850 | 35,509,089 | - | 92,530,939 |
| Product sales | 1,340,191 | - | - | 1,340,191 |
| Total revenue | 58,362,041 | 35,509,089 | - | 93,871,130 |
| Cost of service revenue | 1,174,923 | 194,522 | - | 1,369,445 |
| Cost of product sales | 963,504 | - | - | 963,504 |
| Operating expenses | 24,702,104 | 11,265,560 | - | 35,967,664 |
| Selling, general and administrative expenses | 9,230,714 | 9,881,849 | 21,771,616 | 40,884,179 |
| Other (income) expense, net | (48,416) | (1,243,281) | (2,602) | (1,294,299) |
| | \$ | \$ | \$ | \$ |
| Segment Profit (Loss) | 22,339,212 | 15,410,439 | (21,769,014) | 15,980,637 |
| | \$ | \$ | \$ | \$ |
| Segment profit (loss) | 22,339,212 | 15,410,439 | (21,769,014) | 15,980,637 |
| Depreciation, amortization, impairment, and (gain) loss on disposal of assets, net | - | - | 12,613,143 | 12,613,143 |
| Interest | - | - | 875,102 | 875,102 |
| | \$ | \$ | \$ | \$ |
| Income (loss) before income taxes | 22,339,212 | 15,410,439 | (35,257,259) | 2,492,392 |

**VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Successor | | Predecessor |
|--|--------------------------------------|--------------------------------------|--------------------------------|
| | Nine months ended September 30, 2018 | Four months ended September 30, 2017 | Five months ended May 31, 2017 |
| Cash flows from operating activities: | | | |
| Net (loss) income | \$ (20,440,113) | \$ (10,943,353) | \$ 1,239,599 |
| Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 74,838,445 | 19,256,429 | 12,574,006 |
| Amortization of deferred financing costs and discount | 6,932,724 | 948,846 | 143,241 |
| Loss on extinguishment of debt | 10,151,074 | - | - |
| Accretion expense | 292,580 | 87,193 | 106,404 |
| (Gain) loss on disposal of assets | (8,804) | (12,457) | 39,137 |
| Installation and service parts obsolescence and maintenance expense | 431,834 | 165,096 | 177,124 |
| Bad debt expense | 4,355,700 | 2,185,435 | 2,181,957 |
| Deferred income taxes | (16,514,331) | (4,482,852) | (3,326,978) |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable, net | (10,703,263) | (13,467,878) | 6,107,664 |
| Unbilled receivables | (7,744,334) | (1,974,786) | 1,945,493 |
| Prepaid expense and other current assets | 3,750,798 | (8,632,290) | (1,581,750) |
| Deposits and other non-current assets | (1,304,686) | 421,916 | 322,260 |
| Restricted cash | 57,019 | (619,742) | 215,478 |
| Accounts payable and accrued liabilities | 1,651,391 | 2,429,653 | 22,413,747 |
| Other liabilities | 364,926 | (78,008) | (508,181) |
| Net cash provided by (used in) operating activities | 46,110,960 | (14,716,798) | 42,049,201 |
| Cash flows from investing activities | | | |
| Purchases of installation and service parts and property and equipment | (19,919,129) | (10,872,392) | (8,952,667) |
| Proceeds from damaged property and equipment | 296,264 | 66,750 | 41,909 |
| Cash proceeds from the sale of assets | 5,154 | 9,975 | 124,694 |
| Acquisition of business, net of cash acquired | (525,361,663) | (539,082,979) | - |
| Net cash used in investing activities | (544,979,374) | (549,878,646) | (8,786,064) |
| Cash flows from financing activities: | | | |
| Borrowings on revolver | 468,306 | 13,000,000 | 40,752,179 |
| Repayments on revolver | (468,306) | - | (68,213,359) |
| Predecessor payment of debt issuance costs | - | - | (30,000) |
| Borrowings of long-term debt | - | 444,250,000 | - |

| | | | |
|--|----------------|--------------|--------------|
| Payment of debt issuance costs | (30,351,948) | (15,783,188) | - |
| Repayments of long-term debt | (452,575,000) | (812,500) | - |
| Borrowings of long-term debt | 1,033,800,000 | - | - |
| Payment of debt extinguishment costs | (8,186,961) | - | - |
| Cash received pursuant to the Merger | - | 129,026,399 | - |
| Net cash provided by (used in) financing activities | 542,686,091 | 569,680,711 | (27,491,180) |
| Effect of exchange rate changes on cash and cash equivalents | (594,009) | - | - |
| Net increase in cash and cash equivalents | 43,223,668 | 5,085,267 | 5,771,957 |
| Cash and cash equivalents-Beginning of period | 8,724,945 | - | 2,900,970 |
| Cash and cash equivalents-End of period | \$ 51,948,613 | \$ 5,085,267 | \$ 8,672,927 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid (refunded) for income taxes, net | \$ 856,815 | \$ 9,162,890 | \$ (211,030) |
| Cash paid for interest | 45,238,245 | 10,529,236 | 836,236 |
| Supplemental non-cash investing and financing activities: | | | |
| Capital contribution received in Parent common stock and subsequently exchanged in acquisition of business | \$ 117,555,632 | - | \$ - |
| Payable to seller in connection with business acquisition | 11,337,113 | - | - |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| | Common Stock | | Additional Paid-in-Capital | Retained Earnings (accumulated deficit) | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|---|--------------|--------|-------------------------------|---|---|----------------------------------|
| | Shares | Amount | | | | |
| Balance as of December 31, 2017 | 100 | \$ 1\$ | 129,026,398 | \$ 18,238,222 | \$ - | 147,264,621 |
| Net loss | - | - | - | (20,440,113) | - | (20,440,113) |
| Foreign currency translation adjustment | - | - | - | - | (4,439,856) | (4,439,856) |
| Capital contributions received in Parent common stock | - | - | 117,555,632 | - | - | 117,555,632 |
| Balance as of September 30, 2018 | 100 | \$ 1\$ | 246,582,030 | \$(2,201,891) | \$(4,439,856) | 239,940,284 |

VERRA MOBILITY CORPORATION AND SUBSIDIARIES
ADJUSTED EBITDA RECEONCILIATION

| (\$ in thousands) | Successor | Successor | Successor | Successor | Predecessor |
|---|--|--|---|---|---|
| | For the Three Months Ended September 30, 2018 | For the Three Months Ended September 30, 2017 | For the Nine Months Ended September 30, 2018 | For the Four Months Ended September 30, 2017 | For the Five Months Ended May 31, 2017 |
| Net income (loss) | \$ 6,513 | \$ (3,347) | \$ (20,440) | \$ (10,943) | \$ 1,240 |
| Interest expense | 20,313 | 8,947 | 52,539 | 11,835 | 875 |
| Income tax provision expense (benefit) | 2,312 | (1,314) | (4,532) | (4,138) | 1,253 |
| Depreciation and amortization | 28,792 | 14,234 | 74,838 | 19,256 | 12,574 |
| EBITDA | 57,930 | 18,520 | 102,405 | 16,011 | 15,942 |
| Transaction and other related expenses ⁽ⁱ⁾ | 1,669 | 21 | 25,589 | 10,055 | 21,772 |
| Transformation expenses ⁽ⁱⁱ⁾ | 905 | 2,462 | 8,039 | 2,462 | - |
| Loss on extinguishment of debt ⁽ⁱⁱⁱ⁾ | - | - | 10,151 | - | - |
| Sponsor Fees and expenses ^(iv) | 1,433 | 1,829 | 4,133 | 2,424 | - |
| Non-cash amortization of contract inducement ^(v) | - | - | - | - | 277 |
| Adjusted EBITDA | \$ 61,936 | \$ 22,833 | \$ 150,316 | \$ 30,953 | \$ 37,991 |
| Adjusted EBITDA Margin % | 57.6% | 40.7% | 54.7% | 41.2% | 40.5% |

(i) Adjustments to add back deal fees incurred in relation to the Platinum's acquisition of ATS in May 2017 and Verra's acquisitions of HTA and EPC in March and April 2018, respectively. Consists primarily of acquisition services to advisors, professional fees and other expenses

(ii) One-time costs including costs for strategy consultants, procurement optimization and IT optimization

(iii) Costs incurred to refinance the Company's credit facility and term loans. Includes prepayment penalties, the write-off of deferred financing costs and lender and third-party costs to issue the new debt

(iv) Sponsor management fees paid to Platinum

(v) Adjustment for amortization of a tolling contract with a major RAC

BASIS of Presentation

On May 31, 2017, the Company was acquired by Greenlight Acquisition Corporation ("Acquirer") pursuant to the Agreement and Plan of Merger, dated April 15, 2017 by and among the Company, Greenlight Merger Corporation, a wholly-owned subsidiary of Acquirer, ("Merger Sub") and Acquirer whereby the Company merged with and into Merger Sub with the former surviving (the "Merger"). Acquirer is ultimately owned by certain private equity investment vehicles sponsored by Platinum Equity, LLC.

Pursuant to the Merger, a new basis of accounting at fair value was established in accordance with U.S. GAAP under Accounting Standards Codification ("ASC") Topic 805, Business Combinations. The new stepped-up basis was pushed down by Acquirer to the Company. The consolidated financial statements and footnotes contained herein are presented in distinct periods to indicate the application of two different bases of accounting between the periods presented. The period from January 1, 2017 to May 31, 2017 has been labeled "Predecessor" and has been prepared using the historical basis of accounting of the Predecessor. The periods from June 1, 2017 to September 30, 2017 and from January 1, 2018 to September 30, 2018 have been labeled Successor. The accompanying condensed consolidated statements of operations, cash flows and certain footnotes include a black line division separating the Predecessor Period from the Successor Period. As a result of purchase accounting, the pre-Merger and post-Merger condensed consolidated statements of operations and cash flows are not comparable.

Segment profit (loss) is based on revenues and income (loss) from operations before depreciation, amortization, impairment and gain (loss) on disposal of assets and after other income, net. Depreciation, amortization, impairment and gain (loss) on disposal of assets, interest expense, loss on extinguishment of debt and income taxes are not indicative of operating performance, and, as a result are not included in the operating and reportable segments. Other income, net consists primarily of credit card rebates earned on the prepayment of tolls and therefore included in Segment profit (loss). There are no significant non-cash items reported in Segment profit (loss).

EBITDA and adjusted EBITDA.

EBITDA is defined as net income, net of tax (if applicable), interest expense, income taxes, depreciation and amortization. Adjusted EBITDA further excludes certain non-cash expenses, loss on extinguishment of debt and other transactions that management believes are not indicative of our business. Because EBITDA and adjusted EBITDA, as defined, exclude some but not all items that affect our cash flow from operating activities, they may not be comparable to similarly titled performance measures presented by other companies. EBITDA and adjusted EBITDA margins are calculated as EBITDA and adjusted EBITDA, respectively, divided by total revenues expressed as a percentage.

We present EBITDA and adjusted EBITDA because we believe they provide useful information regarding our ability to meet our future debt payment requirements, capital expenditures and working capital requirements and an overall evaluation of our financial condition. EBITDA and adjusted EBITDA have certain limitations as analytical tools and should not be used as substitutes for net income, cash flows from operations, or other consolidated income or cash flow data prepared in accordance with GAAP.

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