



NCS Multistage Holdings, Inc. Announces First Quarter 2021 Results

May 3, 2021

First Quarter Results

- Total revenues of \$28.5 million, a 48% year-over-year decrease and a 4% increase from the fourth quarter of 2020
- Net loss of \$(3.4) million and loss per diluted share of \$(1.43); adjusted net loss of \$(2.8) million and adjusted loss per diluted share of \$(1.18)
- Adjusted EBITDA of \$0.1 million
- \$12.0 million in cash on hand and \$5.7 million of total debt as of March 31, 2021

HOUSTON, May 03, 2021 (GLOBE NEWSWIRE) -- NCS Multistage Holdings, Inc. (NASDAQ: NCSM) (the "Company," "NCS," "we" or "us"), a leading provider of highly engineered products and support services that facilitate the optimization of oil and natural gas well completions and field development strategies, today announced its results for the quarter ended March 31, 2021.

Financial Review

Total revenues were \$28.5 million for the quarter ended March 31, 2021, which was a decrease of 48% compared to the first quarter of 2020. This decrease reflected reductions in product sales and services volumes in all geographic areas as well as lower pricing for certain products and services, including composite plugs and tracer diagnostics. We believe the decrease in both activity and pricing resulted from the decline in market conditions primarily related to the Coronavirus disease 2019 ("COVID-19") pandemic, which had a negative impact on our revenues during the three months ended March 31, 2021 as drilling rig and completion activity was substantially lower in the first quarter of 2021 as compared to 2020, particularly in North America. Total revenues increased by 4% as compared to the fourth quarter of 2020 with an increase of 45% in Canada partially offset by decreases of 31% in the United States and 79% in international markets.

Gross profit, which we define as total revenues less total cost of sales exclusive of depreciation and amortization, was \$10.2 million, or 36% of total revenues, in the first quarter of 2021, compared to \$23.9 million, or 44% of total revenues, in the first quarter of 2020. Cost of sales as a percentage of total revenues increased due to the significant reduction in revenue, leading to under-utilization of manufacturing capacity and field service personnel, even after the reduction of our capacity and staff, as well as a reduction in pricing for certain products and services. Cost of sales in the first quarter of 2021 was also impacted by higher scrap expense and inventory reserves at Repeat Precision related to product design changes implemented during the quarter. We believe that our cost of sales as a percentage of revenue was negatively impacted by a decline in oil and gas market activity levels primarily related to the COVID-19 pandemic.

Selling, general and administrative ("SG&A") expenses totaled \$12.8 million in the first quarter of 2021, a decrease of \$8.1 million as compared to the first quarter of the prior year. This overall decrease in expense reflects reductions in compensation and benefits, severance charges, professional fees, share-based compensation, bad debt expense and travel and entertainment expenses.

Net loss was \$(3.4) million, or \$(1.43) per diluted share, for the quarter ended March 31, 2021, which included a net impact of \$0.2 million (after tax effect of \$(0.6) million, or \$(0.25) per diluted share) related to foreign currency exchange gain and income tax valuation allowances recorded to reduce the carrying value of deferred tax assets. Adjusted net loss, which excludes these items, was \$(2.8) million, or \$(1.18) per diluted share, for the quarter ended March 31, 2021. This compares to a net loss of \$(51.5) million, or \$(21.92) per diluted share, in the first quarter of 2020, which included a net impact of \$(50.2) million (after tax effect of \$(51.0) million, or \$(21.70) per diluted share) related to impairment charges and foreign currency exchange loss as well as the tax impact of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and income tax valuation allowances recorded to reduce the carrying value of our U.S. and Canadian deferred tax assets. Adjusted net loss, which excludes these items, was \$(0.5) million, or \$(0.22) per diluted share, for the quarter ended March 31, 2020.

Adjusted EBITDA was \$0.1 million for the quarter ended March 31, 2021, a decrease of \$9.2 million as compared to the first quarter of 2020.

Capital Expenditures and Liquidity

The Company incurred capital expenditures of \$0.1 million, net, during the first quarter of 2021 as compared to \$0.4 million, net, for the first quarter of 2020.

As of March 31, 2021, the Company had \$12.0 million in cash and \$5.7 million in total debt, with our senior secured credit facility remaining undrawn. The borrowing base under the senior secured credit facility as of March 31, 2021 was \$14.4 million. The Company's net working capital, which we define as our current assets, excluding cash and cash equivalents, minus our current liabilities, excluding current maturities of long-term debt, was \$55.5 million at March 31, 2021.

Review and Outlook

NCS's Chief Executive Officer, Robert Nipper commented, "The strong performance of our Canadian operations allowed NCS to grow total revenue for the quarter by 4% as compared to the fourth quarter of 2020, despite lower seasonal activity in international markets and challenges faced in the U.S. related to winter storm Uri and at our Repeat Precision joint venture early in the quarter.

We are maintaining our cost and capital discipline, having reduced our SG&A expenses by 39% in the first quarter of 2021 as compared to the first

quarter of 2020 and limiting net capital expenditures to \$0.1 million during the quarter, highlighting the capital-light nature of our business.

Our strong balance sheet is demonstrated by our net cash position of \$6.3 million at the end of the first quarter. In addition, our credit facility remains undrawn with a borrowing base of over \$14 million at March 31, 2021.

We are encouraged by the recent performance of our U.S. business, including Repeat Precision, which exited the first quarter with increasing activity in March as compared to the prior month, which we expect to continue into the second quarter, allowing our U.S. operations to return to sequential revenue growth. We expect to experience a meaningful sequential decline in our Canadian revenue in the second quarter, associated with typical seasonal patterns related to spring break-up, however, we expect activity in Canada in the second quarter of 2021 to exceed activity from the second quarter of 2020, which was at multi-decade low levels. The international rig count appears to have bottomed during the first quarter of 2021, and we expect our activity in international markets to increase sequentially in the second quarter.

I am proud to say that we have continued our excellent operational performance from 2020 into 2021. We had zero total recordable incidents in 2020 and have had zero thus far in 2021. This accomplishment speaks to the quality of our people and processes.

I want to thank the entire team at NCS and Repeat Precision. It is through their hard work and determination that we can deliver on our commitments to provide value to customers, to drive innovation in the industry, and to create value for our shareholders.”

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Less Share-Based Compensation, Adjusted Net (Loss) Income, Adjusted Net (Loss) Earnings per Diluted Share, Free Cash Flow, Free Cash Flow Less Distributions to Non-Controlling Interest and net working capital are non-GAAP financial measures. For an explanation of these measures and a reconciliation, refer to “Non-GAAP Financial Measures” below.

Conference Call

The Company will host a conference call to discuss its first quarter 2021 results and future financial expectations on Tuesday, May 4, 2021 at 7:30 a.m. Central Time (8:30 a.m. Eastern Time). To join the conference call from within the United States, participants may dial (844) 400-1696. To join the conference call from outside of the United States, participants may dial (703) 736-7385. The conference access code is 4598373. Participants are encouraged to log in to the webcast or dial in to the conference call approximately ten minutes prior to the start time. To listen via live webcast, please visit the Investors section of the Company’s website, www.ncsmultistage.com.

An audio replay of the conference call will be available shortly after the conclusion of the call and will remain available for approximately seven days. It can be accessed by dialing (855) 859-2056 within the United States or (404) 537-3406 outside of the United States. The conference call replay access code is 4598373. The replay will also be available in the Investors section of the Company’s website shortly after the conclusion of the call and will remain available for approximately seven days.

About NCS Multistage Holdings, Inc.

NCS Multistage Holdings, Inc. is a leading provider of highly engineered products and support services that facilitate the optimization of oil and natural gas well completions and field development strategies. NCS provides products and services to exploration and production companies for use in horizontal wells in unconventional oil and natural gas formations throughout North America and in selected international markets, including Argentina, China, the Middle East and the North Sea. NCS’s common stock is traded on the NASDAQ Capital Market under the symbol “NCSM.” Additional information is available on the website, www.ncsmultistage.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods, or by the inclusion of forecasts or projections. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause our actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following: the risks and uncertainties relating to public health crises, including the COVID-19 pandemic and its continuing impact on market conditions and our business, financial condition, results of operations, cash flows and stock price; declines in the level of oil and natural gas exploration and production activity within Canada and the United States; oil and natural gas price fluctuations; the financial health of our customers including their ability to pay for products or services provided; inability to successfully implement our strategy of increasing sales of products and services into the United States; significant competition for our products and services that results in pricing pressures, reduced sales, or reduced market share; loss of significant customers; our inability to successfully develop and implement new technologies, products and services; our inability to protect and maintain critical intellectual property assets; losses and liabilities from uninsured or underinsured business activities; our failure to identify and consummate potential acquisitions; our inability to integrate or realize the expected benefits from acquisitions; currency exchange rate fluctuations; impact of severe weather conditions; risks resulting from the operations of a joint venture arrangement; restrictions on the availability of our customers to obtain water essential to the drilling and hydraulic fracturing processes; changes in legislation or regulation governing the oil and natural gas industry, including restrictions on emissions of greenhouse gases; our inability to meet regulatory requirements for use of certain chemicals by our tracer diagnostics business; change in trade policy, including the impact of additional tariffs; our inability to accurately predict customer demand, which may result in us holding excess or obsolete inventory; failure to comply with or changes to federal, state and local and non-U.S. laws and other regulations, including anti-corruption and environmental regulations, the CARES Act and the U.S. Tax Cuts and Jobs Act of 2017; loss of our information and computer systems; system interruptions or failures, including complications with our enterprise resource planning system, cybersecurity breaches, identity theft or other disruptions that could compromise our information; impairment in the carrying value of long-lived assets and goodwill; our failure to establish and maintain effective internal control over financial reporting; our success in attracting and retaining qualified employees and key personnel; risks and uncertainties relating to cost reduction efforts or savings we may realize from such cost reduction efforts; the reduction in our senior secured credit facility borrowing base or our inability to comply with the covenants in our debt agreements; and our inability to obtain sufficient liquidity on reasonable terms, or at all and other factors discussed or referenced in our filings made from time to time with the Securities and Exchange Commission. Any forward-looking statement made by us in this press release speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We

undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Contact

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NCS MULTISTAGE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
Revenues		
Product sales	\$ 20,174	\$ 39,430
Services	8,340	15,120
Total revenues	28,514	54,550
Cost of sales		
Cost of product sales, exclusive of depreciation and amortization expense shown below	13,921	23,448
Cost of services, exclusive of depreciation and amortization expense shown below	4,357	7,166
Total cost of sales, exclusive of depreciation and amortization expense shown below	18,278	30,614
Selling, general and administrative expenses	12,784	20,835
Depreciation	937	1,452
Amortization	167	1,133
Impairment	—	50,194
Loss from operations	(3,652)	(49,678)
Other income (expense)		
Interest expense, net	(168)	(322)
Other income, net	341	158
Foreign currency exchange gain, net	150	10
Total other income (expense)	323	(154)
Loss before income tax	(3,329)	(49,832)
Income tax expense (benefit)	128	(925)
Net loss	(3,457)	(48,907)
Net (loss) income attributable to non-controlling interest	(60)	2,642
Net loss attributable to NCS Multistage Holdings, Inc.	<u>\$ (3,397)</u>	<u>\$ (51,549)</u>
Loss per common share		
Basic loss per common share attributable to NCS Multistage Holdings, Inc.	<u>\$ (1.43)</u>	<u>\$ (21.92)</u>
Diluted loss per common share attributable to NCS Multistage Holdings, Inc.	<u>\$ (1.43)</u>	<u>\$ (21.92)</u>
Weighted average common shares outstanding		
Basic	2,380	2,352
Diluted	2,380	2,352

NCS MULTISTAGE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS*
(In thousands, except share data)
(Unaudited)

	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 11,962	\$ 15,545
Accounts receivable—trade, net	22,106	21,925

Inventories, net	34,578	34,871
Prepaid expenses and other current assets	2,878	2,975
Other current receivables	9,045	8,358
Total current assets	<u>80,569</u>	<u>83,674</u>
Noncurrent assets		
Property and equipment, net	23,903	24,435
Goodwill	15,222	15,222
Identifiable intangibles, net	6,246	6,413
Operating lease assets	4,806	5,170
Deposits and other assets	3,501	3,559
Deferred income taxes, net	207	205
Total noncurrent assets	<u>53,885</u>	<u>55,004</u>
Total assets	<u>\$ 134,454</u>	<u>\$ 138,678</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable—trade	\$ 5,720	\$ 4,943
Accrued expenses	3,343	3,347
Income taxes payable	851	653
Operating lease liabilities	1,779	1,826
Current maturities of long-term debt	1,379	1,347
Other current liabilities	1,391	2,768
Total current liabilities	<u>14,463</u>	<u>14,884</u>
Noncurrent liabilities		
Long-term debt, less current maturities	4,302	4,442
Operating lease liabilities, long-term	3,651	3,989
Other long-term liabilities	1,920	1,864
Deferred income taxes, net	67	13
Total noncurrent liabilities	<u>9,940</u>	<u>10,308</u>
Total liabilities	<u>24,403</u>	<u>25,192</u>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding at March 31, 2021 and December 31, 2020	—	—
Common stock, \$0.01 par value, 11,250,000 shares authorized, 2,396,042 shares issued and 2,378,879 shares outstanding at March 31, 2021 and 2,371,992 shares issued and 2,359,918 shares outstanding at December 31, 2020	24	24
Additional paid-in capital	433,971	432,801
Accumulated other comprehensive loss	(81,487)	(81,780)
Retained deficit	(260,025)	(256,628)
Treasury stock, at cost; 17,163 shares at March 31, 2021 and 12,074 shares at December 31, 2020	(1,000)	(809)
Total stockholders' equity	<u>91,483</u>	<u>93,608</u>
Non-controlling interest	<u>18,568</u>	<u>19,878</u>
Total equity	<u>110,051</u>	<u>113,486</u>
Total liabilities and stockholders' equity	<u>\$ 134,454</u>	<u>\$ 138,678</u>

* Preliminary

NCS MULTISTAGE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net loss	\$ (3,457)	\$ (48,907)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,104	2,585

Impairment	—	50,194
Amortization of deferred loan costs	70	75
Share-based compensation	2,239	2,883
Provision for inventory obsolescence	404	237
Deferred income tax expense (benefit)	54	(1,238)
(Gain) loss on sale of property and equipment	(79)	46
Provision for doubtful accounts	(66)	383
Proceeds from note receivable	48	276
Changes in operating assets and liabilities:		
Accounts receivable—trade	(42)	(2,716)
Inventories, net	(18)	(442)
Prepaid expenses and other assets	114	(2,645)
Accounts payable—trade	746	343
Accrued expenses	(11)	494
Other liabilities	(2,781)	1,758
Income taxes receivable/payable	(140)	282
Net cash (used in) provided by operating activities	<u>(1,815)</u>	<u>3,608</u>
Cash flows from investing activities		
Purchases of property and equipment	(46)	(458)
Purchase and development of software and technology	(80)	—
Proceeds from sales of property and equipment	62	20
Net cash used in investing activities	<u>(64)</u>	<u>(438)</u>
Cash flows from financing activities		
Payments on equipment note and finance leases	(324)	(432)
Line of credit borrowings	32	5,000
Treasury shares withheld	(191)	(151)
Distribution to noncontrolling interest	(1,250)	(3,050)
Net cash (used in) provided by financing activities	<u>(1,733)</u>	<u>1,367</u>
Effect of exchange rate changes on cash and cash equivalents	29	(295)
Net change in cash and cash equivalents	<u>(3,583)</u>	<u>4,242</u>
Cash and cash equivalents beginning of period	15,545	11,243
Cash and cash equivalents end of period	<u>\$ 11,962</u>	<u>\$ 15,485</u>
Noncash investing and financing activities		
Leased assets obtained in exchange for new finance lease liabilities	\$ 246	\$ 301
Leased assets obtained in exchange for new operating lease liabilities	\$ 26	\$ 2,572

NCS MULTISTAGE HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(In thousands, except per share data)
(Unaudited)

Non-GAAP Financial Measures

EBITDA is defined as net (loss) income before interest expense, net, income tax expense and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted to exclude certain items which we believe are not reflective of ongoing operating performance or which, in the case of an impairment and share-based compensation, are non-cash in nature. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of total revenues. Adjusted EBITDA Less Share-Based Compensation is defined as Adjusted EBITDA minus share-based compensation expense. Adjusted Net (Loss) Income is defined as net (loss) income attributable to NCS Multistage Holdings, Inc. adjusted to exclude certain items which we believe are not reflective of ongoing performance. Adjusted Net (Loss) Earnings per Diluted Share is defined as Adjusted Net (Loss) Income divided by our diluted weighted average common shares outstanding during the relevant period. Free cash flow is defined as net cash provided by (used in) operating activities less purchases of property and equipment (inclusive of the purchase and development of software and technology) plus proceeds from sales of property and equipment, as presented in our consolidated statement of cash flows. We define free cash flow less distributions to non-controlling interest as free cash flow less distributions to non-controlling interest, as presented in the net cash used in financing activities section of our consolidated statements of cash flows. Net working capital is defined as total current assets, excluding cash and cash equivalents, minus total current liabilities, excluding current maturities of long-term debt. Net working capital excludes cash and cash equivalents and current maturities of long-term debt to evaluate the investment in working capital required to support our business. We believe that Adjusted EBITDA, Adjusted Net (Loss) Income and Adjusted Net (Loss) Earnings per Diluted Share are important measures that exclude costs that management believes do not reflect our ongoing operating performance and, in the case of Adjusted EBITDA, certain costs associated with our capital structure. We believe that Adjusted EBITDA Less Share-Based Compensation presents our financial performance in a manner that is comparable to the presentation provided by many of our peers. We believe free cash flow is useful because it provides information to investors regarding the cash that was available in the period that was in excess of our needs to fund our capital expenditures and other investment needs. We believe that free cash flow less distributions to non-controlling interest is useful because it provides information to investors regarding the cash that was available in the period that was in excess of our needs to fund our capital expenditures, other investment needs, and cash distributions to our joint venture partner. We believe that net working capital is useful in analyzing the cash flow and working capital needs of the Company, including determining the efficiencies of our operations and our ability to readily convert assets into cash. Accordingly, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Less Share-Based Compensation, Adjusted Net (Loss) Income, Adjusted Net (Loss) Earnings per Diluted Share, Free Cash Flow, Free Cash Flow Less Distributions to Non-Controlling Interest and

net working capital are key metrics that management uses to assess the period-to-period performance of our core business operations. We believe that presenting Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Less Share-Based Compensation, Adjusted Net (Loss) Income, Adjusted Net (Loss) Earnings per Diluted Share, Free Cash Flow and Free Cash Flow Less Distributions to Non-Controlling Interest enables investors to assess our performance from period to period using the same metrics utilized by management and that Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Less Share-Based Compensation, Adjusted Net (Loss) Income and Adjusted Net (Loss) Earnings per Diluted Share enable investors to evaluate our performance relative to other companies that are not subject to such factors.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Less Share-Based Compensation, Adjusted Net (Loss) Income, Adjusted Net (Loss) Earnings per Diluted Share, Free Cash Flow, Free Cash Flow Less Distributions to Non-Controlling Interest and net working capital (our "non-GAAP financial measures") are not defined under generally accepted accounting principles ("GAAP"), are not measures of net income, income from operations, cash provided by operating activities, working capital or any other performance measure derived in accordance with GAAP, and are subject to important limitations. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies in our industry and are not measures of performance calculated in accordance with GAAP. Our non-GAAP financial measures have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our financial performance as reported under GAAP and they should not be considered as alternatives to net income (loss), cash provided by operating activities, working capital or any other performance measures derived in accordance with GAAP as measures of operating performance or as alternatives to cash flow from operating activities as measures of our liquidity.

The tables below set forth reconciliations of our non-GAAP financial measures to the most directly comparable measure of financial performance calculated under GAAP:

NET WORKING CAPITAL *

	March 31, 2021	December 31, 2020
Working capital	\$ 66,106	\$ 68,790
Cash and cash equivalents	(11,962)	(15,545)
Current maturities of long term debt	1,379	1,347
Net working capital	\$ 55,523	\$ 54,592

* Preliminary

NCS MULTISTAGE HOLDINGS, INC. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (In thousands, except per share data) (Unaudited)

ADJUSTED NET LOSS AND ADJUSTED NET LOSS PER DILUTED SHARE

	Three Months Ended			
	March 31, 2021		March 31, 2020	
	Effect on Net Loss	Impact on Diluted Loss Per Share	Effect on Net Loss	Impact on Diluted Loss Per Share
Net loss attributable to NCS Multistage Holdings, Inc.	\$ (3,397)	\$ (1.43)	\$ (51,549)	\$ (21.92)
Adjustments				
Impairment (a)	—	—	50,194	21.34
Foreign currency exchange (gain) loss (b)	(160)	(0.07)	38	0.02
Income tax impact from adjustments (c)	750	0.32	795	0.34
Adjusted net loss attributable to NCS Multistage Holdings, Inc.	\$ (2,807)	\$ (1.18)	\$ (522)	\$ (0.22)

(a) Represents non-cash impairment charges for property and equipment and intangible assets during 2020 as the fair values were lower than the carrying values.

(b) Represents realized and unrealized foreign currency translation gains and losses primarily due to movement in the foreign currency exchange rates during the applicable periods.

(c) Represents the income tax adjustments including the valuation allowance recorded to reduce the carrying value of both our U.S. and Canadian deferred tax assets.

NCS MULTISTAGE HOLDINGS, INC. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (In thousands) (Unaudited)

ADJUSTED EBITDA, ADJUSTED EBITDA MARGIN, AND ADJUSTED EBITDA LESS SHARE-BASED COMPENSATION

	Three Months Ended March 31,	
	2021	2020
Net loss	\$ (3,457)	\$ (48,907)
Income tax expense (benefit)	128	(925)
Interest expense, net	168	322
Depreciation	937	1,452
Amortization	167	1,133
EBITDA	(2,057)	(46,925)
Impairment (a)	—	50,194
Share-based compensation (b)	1,170	2,950
Professional fees (c)	943	1,388
Foreign currency exchange gain (d)	(150)	(10)
Severance and other termination benefits (e)	—	1,346
Other (f)	168	295
Adjusted EBITDA	\$ 74	\$ 9,238
Adjusted EBITDA Margin	0%	17%
Adjusted EBITDA Less Share-Based Compensation	\$ (1,096)	\$ 6,288

(a) Represents non-cash impairment charges for property and equipment and intangible assets during 2020 as the fair values were lower than the carrying values.

(b) Represents non-cash compensation charges related to share-based compensation granted to our officers, employees and directors.

(c) Represents non-capitalizable costs of professional services incurred in connection with legal proceedings and the evaluation of potential acquisitions.

(d) Represents realized and unrealized foreign currency translation gains and losses primarily due to movement in the foreign currency exchange rates during the applicable periods.

(e) Reflects charges incurred in connection with the reductions in workforce implemented in 2020.

(f) Represents the impact of a research and development subsidy that is included in income tax expense (benefit) in accordance with GAAP along with other charges and credits.

FREE CASH FLOW

	Three Months Ended March 31,	
	2021	2020
Net cash (used in) provided by operating activities	\$ (1,815)	\$ 3,608
Purchases of property and equipment	(46)	(458)
Purchase and development of software and technology	(80)	—
Proceeds from sales of property and equipment	62	20
Free cash flow	\$ (1,879)	\$ 3,170

FREE CASH FLOW LESS DISTRIBUTIONS TO NON-CONTROLLING INTEREST

	Three Months Ended March 31,	
	2021	2020
Net cash (used in) provided by operating activities	\$ (1,815)	\$ 3,608
Purchases of property and equipment	(46)	(458)
Purchase and development of software and technology	(80)	—
Proceeds from sales of property and equipment	62	20
Distribution to non-controlling interest	(1,250)	(3,050)
Free cash flow less distributions to non-controlling interest	\$ (3,129)	\$ 120

NCS MULTISTAGE HOLDINGS, INC.
REVENUES BY GEOGRAPHIC AREA
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
United States		

Product sales	\$	6,296	\$	17,440
Services		<u>1,527</u>		<u>3,528</u>
Total United States		7,823		20,968
Canada				
Product sales		13,878		20,807
Services		<u>6,357</u>		<u>8,559</u>
Total Canada		20,235		29,366
Other Countries				
Product sales		—		1,183
Services		<u>456</u>		<u>3,033</u>
Total Other Countries		456		4,216
Total				
Product sales		20,174		39,430
Services		<u>8,340</u>		<u>15,120</u>
Total revenues	\$	28,514	\$	54,550



Source: NCS Multistage Holdings, Inc.