

# GTEL Holdings, Inc. and Subsidiaries

Consolidated Financial Statements as of and for the  
Year Ended December 31, 2015

# GTEL HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

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	<b>2015</b>
<b>ASSETS</b>	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 14,719,592
Accounts receivable—less allowance for doubtful accounts	36,380,812
Prepaid expenses and other current assets	17,556,507
Prepaid license fees	1,132,642
Income tax receivable	32,231,016
Deferred tax asset	<u>12,374,917</u>
Total current assets	114,395,486
PROPERTY AND EQUIPMENT—Net	65,424,833
PREPAID LICENSE FEES	3,287,107
OTHER INTANGIBLE ASSETS—Net	548,649,354
GOODWILL	384,744,868
OTHER ASSETS	<u>7,152,693</u>
TOTAL	<u>\$1,123,654,341</u>

# GTEL HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

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	2015
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
CURRENT LIABILITIES:	
Current portion of long-term debt	\$ 6,150,000
Accounts payable	18,306,264
Accrued liabilities	25,802,604
Commissions payable	23,539,200
Deferred revenue	<u>15,612,250</u>
Total current liabilities	89,410,318
DEFERRED TAX LIABILITY	196,197,000
OTHER LONG TERM LIABILITY	3,908,732
LONG-TERM DEBT	<u>772,583,170</u>
Total liabilities	<u>1,062,099,220</u>
COMMITMENTS AND CONTINGENCIES (Note 11)	
STOCKHOLDER'S EQUITY:	
Common stock, \$0.01 par value—1,000 shares authorized, issued, and outstanding	100
Additional paid-in capital	95,781,862
(Accumulated deficit) retained earnings	<u>(34,226,841)</u>
Total stockholder's equity	<u>61,555,121</u>
TOTAL	<u>\$1,123,654,341</u>

# GTEL HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

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	<b>2015</b>
NET REVENUE	<u>\$ 558,766,089</u>
OPERATING EXPENSES:	
Cost of revenues—exclusive of depreciation and amortization expenses	290,486,841
General and administrative—exclusive of bad debt and billing arrangement and depreciation and amortization expenses	111,697,083
Bad debt and billing arrangement expenses	(6,100,302)
Depreciation and amortization expense	126,868,789
Loss on disposal of property and equipment	<u>354,509</u>
Total operating expenses	<u>523,306,920</u>
INCOME FROM OPERATIONS	<u>35,459,169</u>
INTEREST EXPENSE	<u>53,334,874</u>
OTHER INCOME (EXPENSES):	
Interest income	15,969
Transaction-related expenses	(1,847,124)
Sponsor fees	(2,056,953)
Other expense	<u>(21,177)</u>
Total other expenses	<u>(3,909,285)</u>
LOSS BEFORE TAXES	(21,784,990)
INCOME TAX BENEFIT	<u>(8,095,865)</u>
NET LOSS	<u>\$ (13,689,125)</u>