

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2021

Commission File Number 000-20181

SAPIENS INTERNATIONAL CORPORATION N.V.
(Translation of Registrant's name into English)

**Azrieli Center
26 Harokmim St.
Holon, 5885800**

(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

CONTENTS

Exhibit No.	Title of Exhibit
99.1	Press Release

SIGNATURES

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

**SAPIENS INTERNATIONAL
CORPORATION N.V.**

By: /s/ Roni Giladi
Name: Roni Giladi
Title: Chief Financial Officer

Dated: August 3, 2021

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EXHIBIT INDEX

The following exhibits are furnished as part of this Form 6-K:

Exhibit No.	Title of Exhibit
99.1	Press Release

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Exhibit 99.1



Sapiens Reports Second Quarter 2021 Financial Results

Holon, Israel, August 4, 2021 – Sapiens International Corporation, (NASDAQ and TASE: SPNS), a leading global provider of software solutions for the insurance industry, today announced its financial results for the second quarter ended June 30, 2021.

Summary Results for Second Quarter 2021 (USD in millions, except per share data)

	GAAP			% Change	Non-GAAP		
	June 30, 2021	June 30, 2020			June 30, 2021	June 30, 2020	% Change
Revenue	\$ 114.4	\$ 93.1	22.9%	\$ 115.0	\$ 93.1	23.6%	
Gross Profit	\$ 46.6	\$ 38.3	21.9%	\$ 51.7	\$ 41.9	23.4%	
Gross Margin	40.8%	41.1%	(30) bps	45.0%	45.0%	-	
Operating Income	\$ 13.2	\$ 12.4	6.2%	\$ 19.8	\$ 16.8	17.9%	
Operating Margin	11.5%	13.3%	(180) bps	17.2%	18.0%	(80) bps	
Net Income (*)	\$ 10.4	\$ 9.3	11.9%	\$ 16.0	\$ 13.3	19.7%	
Diluted EPS	\$ 0.19	\$ 0.18	5.6%	\$ 0.29	\$ 0.26	11.5%	

(*) Attributable to Sapiens' shareholders.

“Sapiens second quarter results demonstrate the success of our strategy, as we continue to expand our global market presence in both P&C and L&A, and provide insurers of all tiers the broadest product portfolio and services offering in the market. This unique value proposition enables insurers to benefit from our pre-integrated, cloud-first, low-code

“insurance-in-a-box” approach across the majority of our products, empowering them to choose between deploying our end-to-end solution, or any combination of its components, to meet their evolving needs,” stated Roni Al-Dor, President and CEO of Sapiens.

“In the second quarter Sapiens delivered a strong, year-over-year non-GAAP revenue growth of 24%, reaching a record high of \$115 million. Non-GAAP operating margin reached 17.2%. In North America, we continue to make progress and have achieved sequential growth, as we execute our plan to continue to enhance our delivery capabilities. In Europe, we have been winning new business and have successfully completed new transformation projects, including with Tier-1 carriers. The Rest-of-the-World, which includes APAC and South Africa, continues on a path of growth. We are leveraging our global presence and rich product portfolio to further increase market share,” continued Mr. Al-Dor.

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“We are increasing our 2021 revenue guidance for the second time. The new revenue guidance ranges from \$461 to \$466 million. We are also increasing our operating margin guidance to a range of 17.2% to 17.5%. Our strong performance reflects the important role Sapiens plays in our customers’ lifecycle and transformation journeys in the growing and evolving insurance industry.”

Quarterly Results Conference Call

Management will host a conference call and webcast today, August 4, 2021 at 9:30 a.m. Eastern Time (4:30 p.m. in Israel) to review and discuss Sapiens’ results.

Please call the following numbers (at least 10 minutes before the scheduled time) to participate:

North America (toll-free): + 1-888-642-5032; International: +972-3-918-0609; UK: 0-800-917-5108

The live webcast of the call can be viewed on Sapiens’ website at: <https://www.sapiens.com/investor-relations/ir-events-presentations>. A replay of the call will be available one business day following the completion of the event, at the same link for 90 days.

Non-GAAP Financial Measures

This press release contains the following non-GAAP financial measures: non-GAAP revenue, non-GAAP gross profit, non-GAAP operating income, non-GAAP net income attributed to Sapiens shareholders, non-GAAP basic and diluted earnings per share, Adjusted EBITDA and Adjusted Free Cash-Flow.

Sapiens believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Sapiens’ financial condition and results of operations. The Company’s management uses these non-GAAP measures to compare the Company’s performance to that of prior periods for trend analyses, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. These measures are used in financial reports prepared for management and in quarterly financial reports presented to the Company’s board of directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends, and in comparing the Company’s financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

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Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude: Valuation adjustment on acquired deferred revenue, amortization of capitalized software development and other intangible assets, capitalization of software development, stock-based compensation, compensation related to acquisition and acquisition-related costs, restructuring and cost reduction costs, and tax adjustments related to non-GAAP adjustments.

Management of the Company does not consider these non-GAAP measures in isolation, or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations, as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures.

To compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. Sapiens urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables of this release.

The Company defines Adjusted EBITDA as net profit, adjusted for valuation adjustment on acquired deferred revenue, stock-based compensation expense, depreciation and amortization, capitalized of software development costs, compensation expenses related to acquisition and acquisition-related costs, restructuring and cost reduction costs, financial expense (income), provision for income taxes and other income (expenses). These amounts are often excluded by other companies to help investors understand the operational performance of their business.

The Company uses Adjusted EBITDA as a measurement of its operating performance, because it assists in comparing the operating performance on a consistent basis by removing the impact of certain non-cash and non-operating items. Adjusted EBITDA reflects an additional way of viewing aspects of the operations that the Company believes, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting its business. The Company uses Adjusted Free Cash-Flow as a measurement of its operating performance, and reconciles cash-flow from operating activities to Adjusted Free Cash-Flow, while reducing the amounts for capitalization of software development costs and capital expenditures. The Company adds back cash payments made for former acquisitions in respect of future performance targets and retention criteria as determined upon acquisition date of the respective acquired company, which were included in the cash-flow from operating activities. We believe that Adjusted Free Cash-Flow is useful in evaluating our business, because Adjusted Free Cash-Flow reflects the cash surplus available to fund the expansion of our business.

About Sapiens

Sapiens International Corporation empowers insurers to succeed in an evolving industry. The company offers digital software platforms, solutions and services for the property and casualty, life, pension and annuity, reinsurance, financial and compliance, workers' compensation and financial markets. With more than 35 years of experience delivering to more than 600 organizations globally, Sapiens has a proven ability to satisfy customers' core, data and digital requirements. For more information: www.sapiens.com.

Investors and Media Contact

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Forward Looking Statements

Certain matters discussed in this press release that are incorporated herein by reference are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our beliefs, assumptions and expectations, as well as information currently available to us. Such forward-looking statements may be identified by the use of the words “anticipate,” “believe,” “estimate,” “expect,” “may,” “will,” “plan” and similar expressions. Such statements reflect our current views with respect to future events and are subject to pandemic risks and uncertainties. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: the degree of our success in our plans to leverage our global footprint to grow our sales; the degree of our success in integrating the companies that we have acquired through the implementation of our M&A growth strategy; the lengthy development cycles for our solutions, which may frustrate our ability to realize revenues and/or profits from our potential new solutions; our lengthy and complex sales cycles, which do not always result in the realization of revenues; the degree of our success in retaining our existing customers or competing effectively for greater market share; difficulties in successfully planning and managing changes in the size of our operations; the frequency of the long-term, large, complex projects that we perform that involve complex estimates of project costs and profit margins, which sometimes change mid-stream; the challenges and potential liability that heightened privacy laws and regulations pose to our business; occasional disputes with clients, which may adversely impact our results of operations and our reputation; various intellectual property issues related to our business; potential unanticipated product vulnerabilities or cybersecurity breaches of our or our customers’ systems; risks related to the insurance industry in which our clients operate; risks associated with our global sales and operations, such as changes in regulatory requirements, wide-spread viruses and epidemics like the recent novel coronavirus pandemic, which adversely affected our results of operations, or fluctuations in currency exchange rates; and risks related to our principal location in Israel and our status as a Cayman Islands company.

While we believe such forward-looking statements are based on reasonable assumptions, should one or more of the underlying assumptions prove incorrect, or these risks or uncertainties materialize, our actual results may differ materially from those expressed or implied by the forward-looking statements. Please read the risks discussed under the heading “Risk Factors” in our most recent Annual Report on Form 20-F, in order to review conditions that we believe could cause actual results to differ materially from those contemplated by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, to conform these statements to actual results or to changes in our expectations.

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SAPIENS INTERNATIONAL CORPORATION N.V. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

U.S. dollars in thousands (except per share amounts)

Three months ended

Six months ended

	<u>June 30</u>		<u>June 30</u>	
	<u>2021</u> <u>(unaudited)</u>	<u>2020</u> <u>(unaudited)</u>	<u>2021</u> <u>(unaudited)</u>	<u>2020</u> <u>(unaudited)</u>
Revenue	114,406	93,063	223,998	183,597
Cost of revenue	<u>67,782</u>	<u>54,804</u>	<u>133,118</u>	<u>109,074</u>
Gross profit	46,624	38,259	90,880	74,523
Operating expenses:				
Research and development, net	13,267	9,328	26,355	19,854
Selling, marketing, general and administrative	<u>20,183</u>	<u>16,528</u>	<u>38,986</u>	<u>31,988</u>
Total operating expenses	<u>33,450</u>	<u>25,856</u>	<u>65,341</u>	<u>51,842</u>
Operating income	13,174	12,403	25,539	22,681
Financial and other expenses, net	69	63	584	1,550
Taxes on income	<u>2,688</u>	<u>3,010</u>	<u>4,637</u>	<u>4,911</u>
Net income	<u>10,417</u>	<u>9,330</u>	<u>20,318</u>	<u>16,220</u>
Attributable to non-controlling interest	<u>13</u>	<u>33</u>	<u>80</u>	<u>103</u>
Net income attributable to Sapiens' shareholders	<u>10,404</u>	<u>9,297</u>	<u>20,238</u>	<u>16,117</u>
Basic earnings per share	<u>0.19</u>	<u>0.19</u>	<u>0.37</u>	<u>0.32</u>
Diluted earnings per share	<u>0.19</u>	<u>0.18</u>	<u>0.36</u>	<u>0.32</u>
Weighted average number of shares outstanding used to compute basic earnings per share (in thousands)	54,754	50,297	54,722	50,236
Weighted average number of shares outstanding used to compute diluted earnings per share (in thousands)	55,548	51,173	55,558	51,128

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SAPIENS INTERNATIONAL CORPORATION N.V. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED NON-GAAP STATEMENTS OF INCOME

U.S. dollars in thousands (except per share amounts)

	<u>Three months ended</u> <u>June 30</u>		<u>Six months ended</u> <u>June 30</u>	
	<u>2021</u> <u>(unaudited)</u>	<u>2020</u> <u>(unaudited)</u>	<u>2021</u> <u>(unaudited)</u>	<u>2020</u> <u>(unaudited)</u>
Revenue	115,036	93,063	225,258	183,597
Cost of revenue	<u>63,316</u>	<u>51,163</u>	<u>124,309</u>	<u>101,906</u>
Gross profit	51,720	41,900	100,949	81,691

Operating expenses:				
Research and development, net	15,226	10,579	29,946	22,542
Selling, marketing, general and administrative	16,699	14,538	32,208	27,752
Total operating expenses	<u>31,925</u>	<u>25,117</u>	<u>62,154</u>	<u>50,294</u>
Operating income	19,795	16,783	38,795	31,397
Financial and other expenses, net	69	63	584	1,550
Taxes on income	3,738	3,347	7,249	5,992
Net income	<u>15,988</u>	<u>13,373</u>	<u>30,962</u>	<u>23,855</u>
Attributable to non-controlling interest	<u>13</u>	<u>33</u>	<u>80</u>	<u>103</u>
Net income attributable to Sapiens' shareholders	<u>15,975</u>	<u>13,340</u>	<u>30,882</u>	<u>23,752</u>
Basic earnings per share	<u>0.29</u>	<u>0.27</u>	<u>0.56</u>	<u>0.47</u>
Diluted earnings per share	<u>0.29</u>	<u>0.26</u>	<u>0.56</u>	<u>0.46</u>
Weighted average number of shares outstanding used to compute basic earnings per share (in thousands)	54,754	50,297	54,722	50,236
Weighted average number of shares outstanding used to compute diluted earnings per share (in thousands)	55,548	51,173	55,558	51,128

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SAPIENS INTERNATIONAL CORPORATION N.V. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

U.S. dollars in thousands (except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
GAAP revenue	114,406	93,063	223,998	183,597
Valuation adjustment on acquired deferred revenue	630	-	1,260	-
Non-GAAP revenue	<u>115,036</u>	<u>93,063</u>	<u>225,258</u>	<u>183,597</u>
GAAP gross profit	46,624	38,259	90,880	74,523
Revenue adjustment	630	-	1,260	-
Amortization of capitalized software	1,891	1,531	3,675	3,027
Amortization of other intangible assets	2,575	2,110	5,134	4,141
Non-GAAP gross profit	<u>51,720</u>	<u>41,900</u>	<u>100,949</u>	<u>81,691</u>
GAAP operating income	13,174	12,403	25,539	22,681

Gross profit adjustments	5,096	3,641	10,069	7,168
Capitalization of software development	(1,959)	(1,251)	(3,591)	(2,688)
Amortization of other intangible assets	1,358	698	2,724	1,287
Stock-based compensation	1,471	764	2,870	1,386
Acquisition-related costs (*)	655	528	1,184	1,563
Non-GAAP operating income	19,795	16,783	38,795	31,397
GAAP net income attributable to Sapiens' shareholders	10,404	9,297	20,238	16,117
Operating income adjustments	6,621	4,380	13,256	8,716
Taxes on income	(1,050)	(337)	(2,612)	(1,081)
Non-GAAP net income attributable to Sapiens' shareholders	15,975	13,340	30,882	23,752

(*) Acquisition-related costs pertain to charges on behalf of M&A agreements related to future performance targets and retention criteria, as well as third-party services, such as, tax, accounting and legal rendered until the acquisition date.

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Summary of NON-GAAP Financial Information

U.S. dollars in thousands (except per share amounts)

	<u>Q2 2021</u>	<u>Q1 2021</u>	<u>Q4 2020</u>	<u>Q3 2020</u>	<u>Q2 2020</u>
Revenues	115,036	110,222	102,936	97,968	93,063
Gross profit	51,720	49,229	47,044	44,206	41,900
Operating income	19,795	19,000	18,666	17,859	16,783
Net income to Sapiens' shareholders	15,975	14,908	14,461	13,746	13,340
Adjusted EBITDA	20,920	20,120	20,032	19,010	17,854
Basic earnings per share	0.29	0.27	0.27	0.27	0.27
Diluted earnings per share	0.29	0.27	0.27	0.27	0.26

Non-GAAP Revenues by Geographic Breakdown

U.S. dollars in thousands

	<u>Q2 2021</u>	<u>Q1 2021</u>	<u>Q4 2020</u>	<u>Q3 2020</u>	<u>Q2 2020</u>
North America	46,767	44,754	47,303	49,979	46,610
Europe	59,718	57,642	49,225	42,394	41,030
Rest of the world	8,551	7,826	6,408	5,595	5,423
Total	115,036	110,222	102,936	97,968	93,063

Adjusted Free Cash-Flow

U.S. dollars in thousands

	<u>Q2 2021</u>	<u>Q1 2021</u>	<u>Q4 2020</u>	<u>Q3 2020</u>	<u>Q2 2020</u>
Cash-flow from operating activities	26,845	11,755	21,030	16,705	14,761
Increase in capitalized software development costs	(1,959)	(1,632)	(1,604)	(1,506)	(1,251)

Capital expenditures	(1,082)	(821)	(725)	(963)	(393)
Free cash-flow	23,804	9,302	18,701	14,236	13,117
Cash payments attributed to acquisition-related costs(*) (**)	-	1,280	2,363	242	1,562
Adjusted free cash-flow	23,804	10,582	21,064	14,478	14,679

(*) Included in cash-flow from operating activities

(**) Acquisition-related payments pertain to payments on behalf of M&A agreements related to future performance targets and retention criteria, as well as third-party services, such as, tax, accounting and legal rendered until the acquisition date.

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Adjusted EBITDA Calculation

U.S. dollars in thousands

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
GAAP operating profit	13,174	12,403	25,539	22,681
Non-GAAP adjustments:				
Valuation adjustment on acquired deferred revenue	630	-	1,260	-
Amortization of capitalized software	1,891	1,531	3,675	3,027
Amortization of other intangible assets	3,933	2,808	7,858	5,428
Capitalization of software development	(1,959)	(1,251)	(3,591)	(2,688)
Stock-based compensation	1,471	764	2,870	1,386
Compensation related to acquisition and acquisition-related costs	655	528	1,184	1,563
Non-GAAP operating profit	19,795	16,783	38,795	31,397
Depreciation	1,125	1,071	2,245	2,182
Adjusted EBITDA	20,920	17,854	41,040	33,579

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SAPIENS INTERNATIONAL CORPORATION N.V. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2021	December 31, 2020
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	<u>(unaudited)</u>	<u>(unaudited)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	155,805	152,561
Short-term bank deposit	20,000	30,000
Trade receivables, net and unbilled receivables	70,214	65,409
Other receivables and prepaid expenses	15,842	19,388
Total current assets	<u>261,861</u>	<u>267,358</u>
LONG-TERM ASSETS		
Property and equipment, net	15,640	16,970
Severance pay fund	6,733	6,582
Goodwill and intangible assets, net	352,224	363,597
Operating lease right-of-use assets	49,777	54,390
Other long-term assets	8,269	5,264
Total long-term assets	<u>432,643</u>	<u>446,803</u>
TOTAL ASSETS	<u>694,504</u>	<u>714,161</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade payables	6,762	5,389
Current maturities of Series B Debentures	19,796	19,796
Accrued expenses and other liabilities	73,003	75,119
Current maturities of operating lease liabilities	11,790	9,924
Deferred revenue	42,573	34,548
Total current liabilities	<u>153,924</u>	<u>144,776</u>
LONG-TERM LIABILITIES		
Series B Debentures, net of current maturities	78,935	98,676
Deferred tax liabilities	13,872	16,010
Other long-term liabilities	12,847	12,129
Long-term operating lease liabilities	43,586	48,773
Redeemable non-controlling interest	483	517
Accrued severance pay	9,676	9,586
Total long-term liabilities	<u>159,399</u>	<u>185,691</u>
EQUITY	<u>381,181</u>	<u>383,694</u>
TOTAL LIABILITIES AND EQUITY	<u>694,504</u>	<u>714,161</u>

CONSOLIDATED STATEMENT OF CASH FLOW

U.S. dollars in thousands

	For the six months ended June 30,	
	2021	2020
	<u>(unaudited)</u>	<u>(unaudited)</u>
Cash flows from operating activities:		
Net income	20,318	16,220
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	13,778	10,637
Accretion of discount on Series B Debentures	55	77
Capital loss from sale of property and equipment	36	-
Stock-based compensation related to options issued to employees	2,870	1,386
Net changes in operating assets and liabilities, net of amount acquired:		
Trade receivables, net and unbilled receivables	(8,655)	(11,554)
Deferred tax assets, net	(2,822)	(1,146)
Other operating assets	9,453	3,286
Trade payables	1,230	(275)
Other operating liabilities	(5,449)	(2,187)
Deferred revenues	7,682	4,008
Accrued severance pay, net	104	68
Net cash provided by operating activities	<u>38,600</u>	<u>20,520</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,903)	(945)
Withdrawal of (investment in) deposit	10,000	(379)
Proceeds from sale of property and equipment	1,011	-
Proceeds from restricted deposit used for completed acquisition	-	22,890
Proceeds from (payments for) business acquisitions, net of cash acquired	831	(22,483)
Capitalized software development costs	(3,591)	(2,688)
Net cash provided by (used in) investing activities	<u>6,348</u>	<u>(3,605)</u>
Cash flows from financing activities:		
Proceeds from employee stock options exercised	659	2,334
Distribution of dividend	(20,253)	(6,632)
Repayment of Series B Debenture	(19,796)	(9,898)
Issuance of Series B Debentures, net of issuance expenses of \$863	-	60,155
Receipt of short-term loan	-	20,000
Repayment of loan	-	(20,000)
Payment of contingent considerations	(537)	(538)
Dividend to non-controlling interest	(31)	-
Net cash provided by (used in) financing activities	<u>(39,958)</u>	<u>45,421</u>
Effect of exchange rate changes on cash and cash equivalents	(1,746)	(652)
Increase in cash and cash equivalents	3,244	61,684
Cash and cash equivalents at the beginning of period	<u>152,561</u>	<u>66,295</u>

Cash and cash equivalents at the end of period

155,805 127,979

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Debentures Covenants

As of June 30, 2021, Sapiens was in compliance with all of its financial covenants under the indenture for the Series B Debentures, based on having achieved the following in its consolidated financial results:

Covenant 1

- Target shareholders' equity (excluding non-controlling interest): above \$120 million.
- Actual shareholders' equity (excluding non-controlling interest) equal to \$379 million.

Covenant 2

- Target ratio of net financial indebtedness to net capitalization (in each case, as defined under the indenture for the Company's Series B Debentures) below 65%.
- Actual ratio of net financial indebtedness to net capitalization equal to (24.03)%.

Covenant 3

- Target ratio of net financial indebtedness to EBITDA (accumulated calculation for the four last quarters) is below 5.5.
- Actual ratio of net financial indebtedness to EBITDA (accumulated calculation for the four last quarters) is equal to (0.92).

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