

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): August 4, 2022

**HireRight Holdings Corporation**  
(Exact name of registrant as specified in its charter)

**HIRE RIGHT**<sup>®</sup>

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**001-40982**  
(Commission File Number)

**82-1092072**  
(I.R.S. Employer Identification No.)

**100 Centerview Drive, Suite 300**  
(Address of Principal Executive Offices)

**Nashville Tennessee**

**37214**  
(Zip Code)

**(615) 320-9800**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(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 (see General Instruction A.2. below):

- 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, par value \$0.001 per share	HRT	New York Stock Exchange

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 Operations and Financial Condition**

On August 4, 2022, HireRight Holdings Corporation (the “Company”) announced its financial results for the second quarter 2022. The full text of the press release is furnished as Exhibit 99.1 to this report.

The information furnished under this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise expressly stated by specific reference in any such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

[99.1 Press Release of HireRight Holdings Corporation](#) issued on August 4, 2022.

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## 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.

**HireRight Holdings Corporation**

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Date: August 4, 2022

*/s/ Thomas M. Spaeth*

Name: Thomas M. Spaeth

Title: Chief Financial Officer

**HireRight Reports Second Quarter 2022 Results**

- Revenues Grew 26% over Prior Year –*
- Net Income Up \$28 million over Prior Year –*
- Adjusted EBITDA Up 40% over Prior Year –*

Nashville, Tenn. — August 4, 2022 – [HireRight Holdings Corporation](#) (NYSE: HRT) ("HireRight" or the "Company"), a leading provider of background screening services, today announced financial results for its second quarter ended June 30, 2022.

**Second Quarter 2022 Highlights Compared to Second Quarter 2021:**

- Revenues of \$222.3 million increased 26%, from \$177.0 million
- Operating income of \$29.9 million increased 73.5%, up from \$17.2 million
- Net income of \$24.4 million, up from net loss of \$3.6 million
- Adjusted EBITDA of \$53.7 million, up from \$38.4 million
- Adjusted diluted earnings per share of \$0.54, up from \$0.30 per share

**Six Months Ended June 30, 2022 Highlights Compared to Six Months Ended June 30, 2021:**

- Revenues of \$421.0 million increased 29% from \$326.5 million
- Operating income of \$49.8 million increased 117.2%, up from \$22.9 million
- Net income of \$36.0 million, up from net loss of \$15.6 million
- Adjusted EBITDA of \$95.4 million, up from \$65.3 million
- Adjusted diluted earnings per share of \$0.92, up from \$0.42 per share

"During the second quarter we again achieved record revenue, reaching \$222 million," said HireRight President and CEO Guy Abramo. "We are excited to be delivering on our margin improvement initiatives that have driven a 240 basis point improvement year over year, and look forward to our continued automation success that will yield further benefits to our customers and shareholders over the coming years."

## Updated Full-Year Outlook

Based on current expectations, HireRight is updating its full-year 2022 outlook as set forth in the table below:

	Previously Provided		Revised	
	Estimated Low	Estimated High	Estimated Low	Estimated High
	(in thousands, except per share data)		(in thousands, except per share data)	
Revenues	\$ 815,000	\$ 825,000	\$ 820,000	\$ 830,000
Adjusted Net Income <sup>(1)</sup>	\$ 120,000	\$ 130,000	\$ 130,000	\$ 140,000
Adjusted EBITDA <sup>(1)</sup>	\$ 188,000	\$ 195,000	\$ 190,000	\$ 197,000
Adjusted Diluted EPS <sup>(1)</sup>	\$ 1.51	\$ 1.64	\$ 1.64	\$ 1.76

<sup>(1)</sup> A reconciliation of the guidance for the Non-GAAP financial measures of Adjusted Net Income, Adjusted EBITDA, and Adjusted Diluted EPS in the table above cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the Company is unable to assess the probable significance of the unavailable information, which could have a material impact on the Company's future Non-GAAP financial measures.

## Webcast and Conference Call

Management will discuss second quarter 2022 results on a webcast at 2 p.m. (PT) / 5 p.m. (ET) today, Thursday August 4, 2022. The webcast, along with the related presentation materials, may be accessed via HireRight's investor relations website page at [ir.hireright.com](http://ir.hireright.com) under "News and Events." To listen by phone, please dial 1-855-327-6837 or 1-631-891-4304.

The webcast replay, along with the related presentation materials, can be accessed via HireRight's investor relations website page at [ir.hireright.com](http://ir.hireright.com) under "News and Events," and will be available for 90 days. A replay of the call will also be available until midnight, August 18, 2022 by dialing 1-844-512-2921 or 1-412-317-6671 and entering passcode 10019306.

## About HireRight

HireRight is a leading global provider of technology-driven workforce risk management and compliance solutions. We provide comprehensive background screening, verification, identification, monitoring, and drug and health screening services for more than 40,000 customers across the globe. We offer our services via a unified global software and data platform that tightly integrates into our customers' human capital management systems enabling highly effective and efficient workflows for workforce hiring, onboarding, and monitoring. In 2021, we screened over 29 million job applicants, employees and contractors for our customers and processed over 110 million screens. For more information, visit [www.HireRight.com](http://www.HireRight.com) or contact [InvestorRelations@HireRight.com](mailto:InvestorRelations@HireRight.com).

## Non-GAAP Financial Measures

To supplement the financial results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), HireRight presents certain non-GAAP financial measures. A "non-GAAP financial measure" is a numerical measure of a company's financial performance that excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with GAAP, or that includes amounts that are excluded from the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets or statements of cash flow of the Company.

We believe that our non-GAAP financial measures provide information useful to investors in assessing our financial condition and results of operations. These measures should not be considered an alternative to net income or any other measure of financial performance or liquidity presented in accordance with GAAP. These measures have

important limitations as analytical tools because they exclude some but not all items that affect the most directly comparable GAAP measures. Additionally, our non-GAAP financial measures may be defined differently than similar measures used by other companies in our industry, thereby diminishing their utility for comparison purposes.

The non-GAAP financial measures presented in this earnings release are Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted Earnings Per Share. Reconciliations of these non-GAAP financial measures to the most directly comparable measures calculated and presented in accordance with GAAP are provided as schedules attached to this release.

#### **Adjusted EBITDA**

Adjusted EBITDA represents, as applicable for the period, net income (loss) before interest expense, income taxes, depreciation and amortization expense, stock-based compensation, realized and unrealized gain (loss) on foreign exchange, merger integration expenses, amortization of cloud computing software costs, legal settlement costs deemed by management to be outside the normal course of business, and other items management believes are not representative of the Company's core operations. Adjusted EBITDA is a supplemental financial measure that management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies, may use to assess our:

- Operating performance as compared to other publicly traded companies without regard to capital structure or historical cost basis;
- Ability to generate cash flow;
- Ability to incur and service debt and fund capital expenditures; and
- Viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

#### **Adjusted Net Income and Adjusted Diluted Earnings Per Share**

In addition to Adjusted EBITDA, management believes that Adjusted Net Income is a strong indicator of our overall operating performance and is useful to our management and investors as a measure of comparative operating performance from period to period. We define Adjusted Net Income as net income (loss) adjusted for amortization of acquired intangible assets, stock-based compensation, realized and unrealized gain (loss) on foreign exchange, merger integration expenses, amortization of cloud computing software costs, legal settlement costs deemed by management to be outside the normal course of business, and other items management believes are not representative of the Company's core operations, to which we apply an adjusted effective tax rate. We define Adjusted Diluted Earnings Per Share as Adjusted Net Income divided by the adjusted weighted average number of shares outstanding (diluted) for the applicable period. We believe Adjusted Diluted Earnings Per Share is useful to investors and analysts because it enables them to better evaluate per share operating performance across reporting periods and to compare our performance to that of our peer companies.

#### **Safe Harbor Statement**

This press release and management's comments on the second quarter earnings call mentioned above contain forward-looking statements within the meaning of the federal securities laws. You can often identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, or by their use of words such as "anticipate," "estimate," "expect," "project," "forecast," "plan," "intend," "believe," "seek," "could," "targets," "potential," "may," "will," "should," "can have," "likely," "continue," and other terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements may include, but are not limited to, statements concerning our anticipated financial performance, including, without limitation, revenue, profitability, net income (loss), adjusted EBITDA, adjusted net income, earnings per share, adjusted diluted earnings per share, and cash flow; strategic objectives; investments in our business, including development of our technology and introduction of new offerings; sales growth and customer relationships; our competitive differentiation; our market share and leadership position in the

industry; market conditions, trends, and opportunities; future operational performance; pending or threatened claims or regulatory proceedings; and factors that could affect these and other aspects of our business.

Forward-looking statements are not guarantees. They reflect our current expectations and projections with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

Factors that could affect the outcome of the forward-looking statements include, among other things, the impacts, direct and indirect, of the COVID-19 pandemic on our business, our personnel and vendors, and the overall economy; our ability to maintain our professional reputation and brand name; our vulnerability to adverse economic conditions, including without limitation inflation and recession, which could increase our costs and suppress labor market activity; the aggressive competition we face; our heavy reliance on information management systems, vendors, and information sources that may not perform as we expect; the significant risk of liability we face in the services we perform; the fact that data security, data privacy and data protection laws, emerging restrictions on background reporting due to alleged discriminatory impacts and adverse social consequences, and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; social, political, regulatory and legal risks in markets where we operate; the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to execute and integrate future acquisitions; our ability to access additional credit or other sources of financing; and the increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data. For more information on the business risks we face and factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K filed with the SEC on March 21, 2022, in particular the sections of that document entitled "Risk Factors," "Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other filings we make from time to time with the SEC. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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**HireRight Holdings Corporation**  
**Condensed Consolidated Balance Sheets (Unaudited)**

	June 30, 2022	December 31, 2021
(in thousands, except share and per share data)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 118,440	\$ 111,032
Restricted cash	1,101	5,182
Accounts receivable, net of allowance for doubtful accounts of \$5,277 and \$4,284 at June 30, 2022 and December 31, 2021, respectively	176,371	142,473
Prepaid expenses and other current assets	16,660	18,583
Total current assets	312,572	277,270
Property and equipment, net	10,399	11,127
Right-of-use assets, net	9,794	—
Intangible assets, net	358,913	389,483
Goodwill	810,040	819,538
Cloud computing software, net	24,142	8,133
Other non-current assets	18,829	18,211
Total assets	<u>\$ 1,544,689</u>	<u>\$ 1,523,762</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 7,117	\$ 13,688
Accrued expenses and other current liabilities	97,519	75,294
Accrued salaries and payroll	27,476	29,280
Derivative instruments, short-term	—	16,662
Debt, current portion	8,350	8,350
Total current liabilities	140,462	143,274
Debt, long-term portion	685,931	688,683
Derivative instruments, long-term	—	11,444
Tax receivable agreement liability	210,639	210,639
Deferred taxes	14,415	14,765
Operating lease liabilities, long-term	12,572	—
Other non-current liabilities	2,197	9,240
Total liabilities	1,066,216	1,078,045
Commitments and contingent liabilities		
Preferred stock, \$0.001 par value, authorized 100,000,000 shares; none issued and outstanding as of June 30, 2022 and December 31, 2021	—	—
Common stock, \$0.001 par value, authorized 1,000,000,000 shares; 79,432,321 and 79,392,937 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	79	79
Additional paid-in capital	800,566	793,382
Accumulated deficit	(324,354)	(360,364)
Accumulated other comprehensive income	2,182	12,620
Total stockholders' equity	478,473	445,717
Total liabilities and stockholders' equity	<u>\$ 1,544,689</u>	<u>\$ 1,523,762</u>

**HireRight Holdings Corporation**  
**Condensed Consolidated Statements of Operations (Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except share and per share data)			
<b>Revenues</b>	\$ 222,292	\$ 176,984	\$ 421,003	\$ 326,541
<b>Expenses</b>				
Cost of services (exclusive of depreciation and amortization below)	119,990	98,317	232,393	184,504
Selling, general and administrative	54,387	43,215	102,654	82,609
Depreciation and amortization	18,049	18,239	36,110	36,482
Total expenses	<u>192,426</u>	<u>159,771</u>	<u>371,157</u>	<u>303,595</u>
Operating income	<u>29,866</u>	<u>17,213</u>	<u>49,846</u>	<u>22,946</u>
<b>Other expenses</b>				
Interest expense	4,957	18,207	12,514	36,156
Other expense, net	33	912	74	103
Total other expenses, net	<u>4,990</u>	<u>19,119</u>	<u>12,588</u>	<u>36,259</u>
Income (loss) before income taxes	24,876	(1,906)	37,258	(13,313)
Income tax expense	430	1,733	1,248	2,305
Net income (loss)	<u>\$ 24,446</u>	<u>\$ (3,639)</u>	<u>\$ 36,010</u>	<u>\$ (15,618)</u>
<b>Net income (loss) per share:</b>				
Basic	\$ 0.31	\$ (0.06)	\$ 0.45	\$ (0.27)
Diluted	\$ 0.31	\$ (0.06)	\$ 0.45	\$ (0.27)
<b>Weighted average shares outstanding:</b>				
Basic	<u>79,405,872</u>	<u>57,168,291</u>	<u>79,399,440</u>	<u>57,168,291</u>
Diluted	<u>79,478,094</u>	<u>57,168,291</u>	<u>79,443,173</u>	<u>57,168,291</u>

**HireRight Holdings Corporation**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

	Six Months Ended June 30,	
	2022	2021
	(in thousands)	
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 36,010	\$ (15,618)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,110	36,482
Deferred income taxes	243	1,765
Amortization of debt issuance costs	1,759	2,082
Amortization of contract assets	2,166	1,809
Amortization of right-of-use assets	1,355	—
Amortization of unrealized gains on terminated interest rate swap agreements	(6,263)	—
Amortization of cloud computing software costs	466	—
Stock-based compensation	7,305	1,652
Other non-cash charges, net	1,473	633
Changes in operating assets and liabilities:		
Accounts receivable	(34,969)	(24,035)
Prepaid expenses and other current assets	1,924	(644)
Cloud computing software	(16,475)	—
Other non-current assets	(2,732)	(3,162)
Accounts payable	(10,154)	(11,839)
Accrued expenses and other current liabilities	23,158	10,765
Accrued salaries and payroll	(2,136)	(391)
Operating lease liabilities, net	(2,604)	—
Other non-current liabilities	(770)	154
Net cash provided by (used in) operating activities	<u>35,866</u>	<u>(347)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(2,763)	(3,753)
Capitalized software development	(5,417)	(3,005)
Net cash used in investing activities	<u>(8,180)</u>	<u>(6,758)</u>
<b>Cash flows from financing activities</b>		
Repayments of debt	(4,175)	(4,175)
Borrowings on line of credit	—	20,000
Repayments on line of credit	—	(20,000)
Payments for termination of interest rate swap agreements	(18,445)	—
Payment of issuance costs - revolving credit facility	(342)	—
Net cash used in financing activities	<u>(22,962)</u>	<u>(4,175)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	4,724	(11,280)
Effect of exchange rates	(1,397)	(727)
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of period	116,214	24,059
End of period	<u>\$ 119,541</u>	<u>\$ 12,052</u>
<b>Cash paid for</b>		
Interest	\$ 16,945	\$ 33,928
Income taxes paid	1,529	10
<b>Supplemental schedule of non-cash investing and financing activities</b>		
Unpaid property and equipment and capitalized software purchases	\$ 1,939	\$ —

### Reconciliation of GAAP Measures to Non-GAAP Measures (Unaudited)

The following table reconciles our non-GAAP financial measure of Adjusted EBITDA to net income (loss), our most directly comparable financial measures calculated and presented in accordance with GAAP, for the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
<b>Net income (loss)</b>	\$ 24,446	\$ (3,639)	\$ 36,010	\$ (15,618)
Income tax expense	430	1,733	1,248	2,305
Interest expense	4,957	18,207	12,514	36,156
Depreciation and amortization	18,049	18,239	36,110	36,482
<b>EBITDA</b>	<b>47,882</b>	<b>34,540</b>	<b>85,882</b>	<b>59,325</b>
Stock-based compensation	4,511	829	7,305	1,652
Realized and unrealized loss on foreign exchange	64	910	(15)	101
Merger integration expenses <sup>(1)</sup>	—	169	205	981
Amortization of cloud computing software costs <sup>(2)</sup>	315	—	466	—
Other items <sup>(3)</sup>	903	1,978	1,558	3,224
<b>Adjusted EBITDA</b>	<b>\$ 53,675</b>	<b>\$ 38,426</b>	<b>\$ 95,401</b>	<b>\$ 65,283</b>

<sup>(1)</sup> Merger integration expenses consist primarily of information technology (“IT”) related costs including personnel expenses, professional and service fees associated with the integration of customers and operations of GIS, which commenced in July 2018 and was substantially completed by the end of 2020.

<sup>(2)</sup> Amortization of cloud computing software costs consists of expense recognized in selling, general and administrative expenses for capitalized implementation costs for cloud computing IT systems. This expense is not included in depreciation and amortization above.

<sup>(3)</sup> Other items include (i) costs of \$0.4 million and \$1.3 million associated with the implementation of a company-wide enterprise resource planning (“ERP”) system during the three and six months ended June 30, 2022, respectively, (ii) \$0.6 million of severance costs during the three and six months ended June 30, 2022, and (iii) \$0.3 million related to loss on disposal of assets and exit costs associated with one of our short-term leased facilities during the six months ended June 30, 2022, partially offset by a reduction in previously accrued legal settlement expense of \$0.6 million during the six months ended June 30, 2022 due to a more favorable outcome than originally anticipated in a claim outside the ordinary course of business. Other items for the three and six months ended June 30, 2021 are related to the preparation of the Company’s initial public offering during 2021.

The following table reconciles our non-GAAP financial measure of Adjusted Net Income to net income (loss), our most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands)			
<b>Net income (loss)</b>	\$ 24,446	\$ (3,639)	\$ 36,010	\$ (15,618)
Income tax expense	430	1,733	1,248	2,305
<b>Income (loss) before income taxes</b>	<b>24,876</b>	<b>(1,906)</b>	<b>37,258</b>	<b>(13,313)</b>
Amortization of acquired intangible assets	15,477	15,645	30,982	31,292
Interest expense swap adjustments <sup>(1)</sup>	(4,082)	—	(6,263)	—
Interest expense discounts <sup>(2)</sup>	938	1,047	1,759	2,082
Stock-based compensation	4,511	829	7,305	1,652
Realized and unrealized loss on foreign exchange	64	910	(15)	101
Merger integration expenses <sup>(3)</sup>	—	169	205	981
Amortization of cloud computing software costs <sup>(4)</sup>	315	—	466	—
Other items <sup>(5)</sup>	903	1,978	1,558	3,224
Adjusted income before income taxes	43,002	18,672	73,255	26,019
Adjusted income taxes <sup>(6)</sup>	(174)	1,569	265	1,870
<b>Adjusted Net Income</b>	<b>\$ 43,176</b>	<b>\$ 17,103</b>	<b>\$ 72,990</b>	<b>\$ 24,149</b>

The following table sets forth the calculation of Adjusted Diluted Earnings Per Share for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Diluted net income (loss) per share</b>	\$ 0.31	\$ (0.06)	\$ 0.45	\$ (0.27)
Income tax expense	0.01	0.03	0.02	0.04
Amortization of acquired intangible assets	0.19	0.28	0.39	0.55
Interest expense swap adjustments <sup>(1)</sup>	(0.05)	—	(0.08)	—
Interest expense discounts <sup>(2)</sup>	0.01	0.02	0.02	0.03
Stock-based compensation	0.06	0.01	0.09	0.03
Realized and unrealized loss on foreign exchange	—	0.02	—	—
Merger integration expenses <sup>(3)</sup>	—	—	—	0.02
Amortization of cloud computing software costs <sup>(4)</sup>	—	—	0.01	—
Other items <sup>(5)</sup>	0.01	0.03	0.02	0.05
Adjusted income taxes <sup>(6)</sup>	—	(0.03)	—	(0.03)
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 0.54</b>	<b>\$ 0.30</b>	<b>\$ 0.92</b>	<b>\$ 0.42</b>
Weighted average number of shares outstanding - diluted	79,478,094	57,168,291	79,443,173	57,168,291

<sup>(1)</sup> Interest expense swap adjustments consist of amortization of unrealized gains on the terminated Interest Rate Swap Agreements, which will be recognized through December 2023.

- (2) Interest expense discounts consist of amortization of original issue discount and debt issuance costs.
- (3) Merger integration expenses consist primarily of information technology (“IT”) related costs including personnel expenses, professional and service fees associated with the integration of customers and operations of GIS, which commenced in July 2018 and was substantially completed by the end of 2020.
- (4) Amortization of cloud computing software costs consists of expense recognized in selling, general and administrative expenses for capitalized implementation costs for cloud computing IT systems. This expense is not included in depreciation and amortization above.
- (5) Other items include (i) costs of \$0.4 million and \$1.3 million associated with the implementation of a company-wide ERP system during the three and six months ended June 30, 2022, respectively, (ii) \$0.6 million of severance costs during the three and six months ended June 30, 2022, and (iii) \$0.3 million related to loss on disposal of assets and exit costs associated with one of our short-term leased facilities during the six months ended June 30, 2022, partially offset by a reduction in previously accrued legal settlement expense of \$0.6 million during the six months ended June 30, 2022 due to a more favorable outcome than originally anticipated in a claim outside the ordinary course of business. Other items for the three and six months ended June 30, 2021 are related to the preparation of the Company’s initial public offering during 2021.
- (6) An adjusted effective income tax rate has been determined for each period presented by applying the statutory income tax rate and the provision for deferred income taxes to the pre-tax adjustments, which was used to compute Adjusted Net Income for the periods presented.