

## (20) Financial Instruments

Most of Euronet's financial instruments (cash and cash equivalents, trade accounts receivable, investment securities, prepaid expenses and other current assets, trade accounts payable, accrued expenses and other current liabilities, advance payments on contracts, billings in excess of costs and estimated earnings on software installation contracts, costs and estimated earnings in excess of billings on software installation contracts) are short-term in nature. Accordingly, the carrying value of these instruments approximates their fair values. The fair value of notes payable was determined based on quoted market prices for the same issue and amounted to \$37.5 million (carrying value of \$77.2 million) at December 31, 2000 and \$52.0 million (carrying value of \$72.8 million) at December 31, 1999. See Note 14 for details of the Company's foreign exchange contracts.

## (21) Reconciliation of Net Loss to Net Cash Used in Operating Activities

The reconciliation of net loss to net cash used in operating activities for the years ended December 31, 2000, 1999, and 1998 follows.

	Year Ended December 31,		
	2000	1999	1998
	<i>(in thousands)</i>		
Net loss	\$ (49,551)	\$ (30,915)	\$ (28,375)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share compensation expense	—	127	108
Depreciation and amortization	10,383	10,238	4,955
Asset write downs	11,968	—	—
Unrealized foreign exchange (losses)/gains	(4,261)	(8,294)	5,690
Loss/(gain) on disposal of fixed assets	2,182	(715)	28
In-process research and development write-off	—	—	1,020
Amortization of deferred financing costs	232	269	147
Accretion of discount on notes payable	8,753	9,506	5,772
Extraordinary gain on extinguishment of debt	—	(2,760)	(4,377)
Realization of deferred tax benefit from stock compensation credited to additional paid-in capital	—	—	951
Decrease/(increase) in deferred income tax	36	(2,797)	—
Increase/(decrease) in income tax payable, net	818	(2,667)	1,969
Decrease/(increase) in restricted cash	9,755	2,043	(12,125)
Increase in trade accounts receivable	(1,597)	(2,028)	(473)
Increase/(decrease) in costs and estimated earnings in excess of billings on software installation contracts	(450)	78	(326)
Increase/(decrease) in prepaid expenses and other current assets	(457)	184	(1,692)
Decrease/(increase) in deposits for ATM leases	1,310	802	385
Decrease in cash surrender value of life insurance policies	—	—	489
(Decrease)/increase in trade accounts payable	(432)	1,119	94
Increase/(decrease) in advance payments on contracts	834	350	(32)
(Decrease)/increase in accrued expenses and other long term liabilities	(5,725)	3,049	2,523
(Decrease)/increase in billings in excess of costs and estimated earnings on software installation costs	(155)	2,040	501
Net cash used in operating activities	\$ (16,357)	\$ (20,371)	\$ (22,768)

## (22) Non-Cash Financing and Investing Activities

Capital lease obligations of \$5.1 million, \$5.2 million and \$3.9 million during the years ended December 31, 2000, 1999 and 1998, respectively, were incurred when the Company entered into leases primarily for new automated teller machines.

During the years ended December 31, 2000, 1999 and 1998, the Company issued warrants to purchase common stock totaling \$ 372,000, \$0, and \$1,725,000, respectively.