CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: We are including this cautionary statement to make applicable the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These risk factors may contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to risks and uncertainties and are based on our current expectations, estimates, and projections about the businesses and prospects of the Company, as well as the beliefs and certain assumptions made by management. All statements other than statements about historical or current facts, including, without limitation, statements about our business strategy, plans, and objectives of management and our future prospects, are forward-looking statements. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "should," "will" and variations of these words are intended to identify forward-looking statements. Such statements speak only as of the date hereof and are subject to change. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, unless otherwise required by law. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Accordingly, actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

RISKS FACTORS RELATING TO ELAH HOLDINGS, INC.

We face risks from our current operations, legacy operations and status as a holding company. The main risks we face currently or in the future may differ significantly from the risks we have faced in the past. Before deciding to purchase, hold or sell common stock of Elah Holdings, Inc. ("Elah Holdings," the "Company," "we," or "us"), you should carefully consider the risks described below in addition to other information contained in our annual and quarterly financial statements and other reports. We may update these risks and this document from time to time. The risks and uncertainties described below are in addition to risks that apply to most businesses and are not the only ones we face. The order in which the risks appear is not intended as an indication of their relative weight, likelihood or importance. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occur, our business, financial condition, results of operations and/or liquidity could be materially and adversely affected. In that event, the market price for our common stock will likely decline and you may lose all or part of your investment.

EXPLANATORY NOTE

As further described in our 2019 annual financial report and other disclosures, on November 17, 2017, the Company (then named Real Industry, Inc.) commenced a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), along with the Company's prior subsidiary U.S. entities comprising its Real Alloy aluminum recycling business ("Real Alloy"). The Chapter 11 cases were jointly administered and procedurally consolidated in the Bankruptcy Court under the case of Real Industry, Case No. 17-12464 (KJC), and caption "In re: Real Industry, Inc., et al." (the "Chapter 11 Proceedings") On May 9, 2018 effective date, Real Industry emerged from Chapter 11 reorganization proceedings under the Bankruptcy Code pursuant to a plan of reorganization (the "RI Plan"). A description of the corporate actions effectuated under and concurrent with the RI Plan, as well as copies of the Company's revised corporate documents and confirmed RI Plan, are included in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on May 9, 2018, available here: https://www.sec.gov/Archives/edgar/data/38984/000155837018004521/0001558370-18-004521-index.htm. Information on the Chapter 11 Proceedings is available here: https://cases.primeclerk.com/realindustry.

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Our financial condition and results of operations will depend on our ability to acquire and integrate businesses that perform and meet expectations after closing. A key element of our business strategy involves the acquisition and integration of profitable operating businesses. We may experience challenges identifying, financing, consummating and integrating such acquisitions. Competition exists in the market for the acquisition of profitable operating companies, and our competitive position for such acquisitions may be negatively affected by our amount of cash on hand, need for third-party and/or seller financing, and ability to use our common stock as consideration. We may not be able to find suitable acquisition opportunities that are available at attractive valuations, if at all. Even if we do find suitable acquisition opportunities, we may not be able to consummate the acquisitions on commercially acceptable terms, as suitable financing arrangements may not be available on acceptable terms, on a timely basis, or at all.

Even if we are successful in completing additional acquisitions, these could require significant investments of capital, management attention, and integration effort. We may also encounter difficulties in assimilating and integrating the operations, personnel, technologies, products, and information systems of acquired companies, and retaining key personnel. Further, the acquired entities themselves must perform successfully subject to the risks of its business, industry, and other factors. These risks are applicable even for businesses we intend to run on a stand-alone basis. Acquisitions could disrupt relationships with the customers, suppliers, and strategic partners of the newly acquired entities and may create other contractual, intellectual property, or employment issues. The acquisition of another company or business may also require us to enter into a business, industry or geographic market in which we have little or no prior experience. These challenges could disrupt our ongoing business, distract our management and employees, harm our reputation and increase our operating costs, and these challenges could be magnified as the size of the acquisition increases.

There can be no assurance that we will be able to consummate any future acquisitions or that, if consummated, we will successfully integrate the businesses or otherwise realize the benefits anticipated from these acquisitions. Even if we are able to grow and build our operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to effectively fund future operations or acquisitions or execute on our business strategy. Our future viability and utilization of our valuable tax attributes depend on execution of our business strategy, which includes the acquisition of other operating businesses. These transactions are likely to be sizable compared to the Company's current size. In connection with the RI Plan and our emergence from the Chapter 11 Proceedings, we received a commitment letter for up to a $500 million credit facility for the Company to pursue our business plan from one of the plan sponsors of the RI Plan (the "Financing Commitment Letter"). This Financing Commitment Letter is subject to customary limitations, terms and conditions, and the approval of such lender.

While we believe that the $500 million acquisition financing facility under the Financing Commitment Letter will assist in our future acquisition financing needs, if such funds are insufficient or unavailable for our proposed opportunities, we may need to conduct significant leveraged financing transactions, offerings of equity to the owners of target entities or other financing parties, or rights offerings to existing equity holders in order to fund the acquisition of target entities or to deleverage such acquisitions after closing. There can be no assurance we will be able to secure adequate financing on terms acceptable to us or target entities, or to otherwise execute on our business strategy, and the results of our operations and the value of our common stock may suffer.

Funding for our future acquisitions and operations could increase our liabilities, trigger negative tax consequences or significantly dilute, or rank preferentially to, our stockholders. We intend to fund any future acquisition through a mix of our available cash, use of debt financing, the issuance of equity acquisition consideration or the sale of equity securities in private placements or in registered offerings, and rights offerings to existing stockholders. Equity acquisition consideration or equity offerings may be conducted at the Company level, in an acquisition or target-related subsidiary, or at a future-created parent holding company level. Utilizing these funding sources could result in increased debt or contingent liabilities for us and the acquired business(es), adverse tax consequences, substantial capital commitments, loss of some of our U.S. NOLs, or significant equity and/or economic dilution. Any of these events could negatively impact our financial condition and results of operations, which could cause the price of our common stock to decline.

In order to fund our future operations or acquisitions, we, or a future subsidiary or holding company parent, may sell preferred equity securities or convertible debt securities with rights, preferences and privileges senior to our existing stockholders. In such event, future security holders could be entitled to dividends, liquidation, redemption or other transaction preferences, or voting rights that are not provided to our existing common stockholders. Further, with or without preferential terms, future issuances of securities could result in substantial dilution to our stockholders.

The future debt financing arrangements into which we, our subsidiaries or a future holding company parent may enter for the acquisition or operation of future acquired entities, may bear significant interest or contain various covenants that limit our ability to take certain actions and also require us to meet financial maintenance tests. The level of debt service of such arrangements or failure to comply with the covenants in such agreements could have a material adverse effect on our operations, business and financial results. We anticipate that some form of indebtedness will be required for future acquisitions. The instruments governing such future indebtedness will likely contain certain customary restrictions, covenants, and provisions for mandatory repayment upon the occurrence of certain events, and provisions for events of default that will require us, our acquired entities or a future holding company parent to satisfy certain financial tests and maintain certain financial ratios, restrict the ability to engage in specified types of transactions, and otherwise limit the distributions of funds from entities acquired in the future to us. This overall leverage and the terms of such financing arrangements could:

- limit the ability of our current and future subsidiaries to pay dividends or management fees, make distributions or repay intercompany loans to us;
- make it more difficult to satisfy obligations under the terms of such indebtedness;
- limit the ability to refinance this indebtedness on terms acceptable to us, our future subsidiaries or a future holding company parent, or at all;

- limit the flexibility to plan for and adjust to changing business and market conditions in the industries in which we or our future subsidiaries operate and increase the vulnerability to general adverse economic and industry conditions;
- require the dedication of a substantial portion of cash flow to make interest and principal payments on our indebtedness, thereby limiting the availability of cash flow to distribute to us or to fund future acquisitions, working capital, capital expenditures, business activities, and other general corporate requirements;
- restrict sales of key assets;
- limit the ability to substantially change our business or enter into new lines of business;
- limit the ability to obtain additional financing for working capital, to fund growth or acquisitions or for general corporate purposes, even when necessary to maintain adequate liquidity, particularly if any ratings assigned to our debt securities by rating organizations were revised downward; or
- cause a competitive disadvantage by reducing our flexibility in responding to increased competition.

Further, these future debt financing arrangements may bear significant interest, the failure of which to pay on a timely basis may trigger penalty interest, as well as an event of default. Upon the occurrence of an event of default under any such financing arrangement, the relevant lenders could assess increased interest rates, accelerate the maturity of the debt or foreclose upon any collateral securing the debt, and events of default could be triggered under other financing arrangements with cross-default provisions. In this event, we (or our subsidiaries or holding company parent) may lack sufficient funds or other resources to satisfy all of these obligations. In addition, any limitations imposed by financing agreements on our ability to incur additional debt or to take other actions could significantly impair our ability to obtain other financing.

Our holding company organizational structure makes us largely dependent on and highly subject to the risks and uncertainties of, our operating subsidiaries. This holding company structure may not provide the benefits we expect. To the extent we operate subsidiaries that are substantially larger entities than our holding company, we will likely be subject to the business, industry, geographic, and market risks, regulations and uncertainties of such subsidiaries. The impact of these may be significant to the Company and could have a negative effect on our financial condition, results of operations and stock price.

In 2014, we completed a reincorporation from Nevada to Delaware and created a new holding company organizational structure over our then existing operating and legacy subsidiaries. This holding company is the public entity and is the entity that acquired Real Alloy in 2015. We plan to make future acquisitions within this structure, because of the strategic, business and financing flexibility that we believe it affords us. However, our holding company structure may not keep the assets and liabilities of the Company, our legacy subsidiaries and any new businesses we acquire legally separate. In such case, the Company and its subsidiary entities may not be able to keep their legal liabilities fully segregated and the increased costs of maintaining a separate holding company, including the administrative costs and expenses associated with keeping separate records and separate corporate or regulatory filings, may be incurred without realizing the possible benefits.

To the extent the holding company needs funding in the future, if we are unable to receive funds from our operating subsidiaries, we may not be able to fund holding company operations. As a result, we could experience a material adverse impact on our financial condition and results of operations, and result in the loss of our stockholders' entire investment in us.

We depend on key personnel to achieve our business and strategic objectives. As a holding company that seeks to identify, acquire and maintain operating companies with functioning management teams and operational support departments, we maintain a lean management and operations team. The size of our staff may limit the number of opportunities we may pursue in depth at any given time. In addition, we may from time to time need to consult with third-party strategic, financial, legal or other business advisors in order to assess and pursue operational matters, strategic objectives, transactions or financings, which may increase our general and administrative expense.

Further, we depend on the members of our senior management team to execute our business plan and strategy and to manage our business and day-to-day operations, including identifying, structuring, closing and monitoring business acquisitions. Our senior management team has critical industry experience and relationships that we rely upon to implement our business plan. The failure to retain or attract and maintain members of our management team and other key personnel could impair our ability to execute our strategy and implement operational initiatives, thereby having a material adverse effect on our financial condition and results of operations.

We may never realize the full value of assets we may sell. We may from time to time decide to sell operating subsidiaries or assets based on any number of factors, including a desire to monetize an asset to finance working capital or other strategic plans or because such operations may not perform as expected. There can be no assurance that we will be successful in completing such future transactions. If such a transaction is completed, it may reduce the size of our business or our cash flow. There is also no assurance that we will receive adequate consideration in the disposition of any operating subsidiary or asset. As a result, any future disposition of operating subsidiaries or assets could have a material adverse effect on our business, financial condition, and results of operations.

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Our ability to use our U.S. NOLs to offset future U.S. taxable income may be limited as a result of past events, including the Chapter 11 Proceedings, the RI Plan, the Real Alloy Sale, or as the result of future acquisitions, financings or other issuances or transfers of our common stock. Our U.S. NOLs were predominantly generated by the legacy businesses of Fremont General Corporation ("Fremont"), and as of December 31, 2019, we reported U.S. NOLs of approximately $1.0 billion, a substantial portion of which will begin to expire if not used before the tax year ending December 31, 2027. For accounting purposes, a valuation allowance is required to reduce our potential deferred tax assets if it is determined that it is more likely than not that all or some portion of such assets will not be realized due to the lack of sufficient taxable income. As a result of uncertainties about the timing and amount of future U.S. taxable income, we have a valuation allowance of approximately $233 million recorded against our U.S. deferred tax assets as of December 31, 2019, and we expect to continually review and evaluate the valuation allowance in future periods.

The amount of our U.S. NOLs has not been audited or otherwise validated by the IRS. Our ability to fully utilize our existing U.S. NOLs and other tax credits could be limited or eliminated if: (a) the Internal Revenue Service ("IRS") determines we are not able to avail ourselves of Section 382(l)(5) of the Internal Revenue Code of 1986, as amended (the "Tax Code") in connection with the RI Plan following the Chapter 11 Proceedings or with the plan of reorganization following the June 11, 2010 emergence of Fremont from Chapter 11 reorganization bankruptcy proceedings; (b) we undergo, or are deemed to have undergone, an "ownership change" as described under Section 382 of the Tax Code in the future; (c) the IRS disagrees with our classification of our worthless stock deduction for Real Alloy as an ordinary loss; (d) we abandon, or are deemed to have abandoned, an active business; (e) we not return to profitability or be only marginally profitable in the future; (f) the IRS challenges the amount of our U.S. NOLs and other tax assets during an audit or otherwise; or (g) we are negatively impacted by any changes to tax rules or the interpretation of tax rules regarding the calculation of or our ability to recognize benefits from our U.S. NOLs. For this purpose, an "ownership change" is generally defined as greater than a 50% change in equity ownership by value, over a rolling three-year period. We may experience an ownership change in the future as a result of changes in our common stock ownership, which would result in a limitation on our ability to utilize our U.S. NOLs.

Our NOLs only have value to the extent of offsetting tax on taxable income. Our U.S. NOLs only have value to the extent we generate U.S. taxable income. If we are unable to generate U.S. taxable income prior to the expiration of the U.S. NOLs, or if we are only marginally profitable during such period, we will be limited in our ability to utilize the tax benefits related to our U.S. NOLs. There can be no assurance that we will have sufficient U.S. taxable income to be able to utilize our U.S. NOLs prior to their expiration.

U.S. tax law changes have reduced the corporate tax rate and otherwise changed the corporate tax regime, which could impose new taxes on our operations, limit certain business deductions or negatively affect the value of our deferred tax assets. The Tax Cuts and Jobs Act, passed by Congress in December 2017, reduced the corporate tax rate from 35% to 21%, imposed a one-time tax at a reduced rate on un-repatriated offshore earnings, limited the deduction for interest expense, and instituted immediate tax deductions for the cost of certain qualified property instead of deductions for depreciation expense over time. Additionally, the revised tax law generally precludes the carryback of NOLs; however, there is unlimited carryover of NOLs arising from and after 2018, but these NOLs cannot offset more than 80% of taxable income. Conversely, while pre-2018 NOLs remain subject to the prior twenty-year carryover period, there is not a corresponding limit on the percentage of a company's taxable income that can be offset by pre-2018 NOLs. These changes could limit the business deductions we might seek to utilize on future interest expense or certain property we acquire in the future. More importantly, a lower corporate tax rate might change the value of our deferred tax assets in the future.

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Our Certificate of Incorporation and our Rights Agreement could discourage, delay, prevent, or deter takeover attempts and have an adverse impact on the price of our common stock. Each of our Rights Agreement and our Certificate of Incorporation contain provisions that were adopted to prevent an "ownership change" within the meaning of Section 382 of the Tax Code and thereby preserve our ability to utilize our U.S. NOLs. Each has the effect of limiting beneficial ownership of our common stock to 4.9% (5.0% in the case of our Rights Agreement) and transactions by holders of 4.9% of our common stock without approval of our Board of Directors. Such provisions may have the effect of discouraging, delaying or preventing a third-party from making an acquisition proposal for us, which may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock.

We have experienced substantial losses from continuing operations in recent years and may experience losses in the future. We have reported losses from continuing operations in most years since 2007, and we may experience operating losses, losses from continuing operations, and net losses in the future. Such losses could make it difficult to fund our operations, finance acquisitions and achieve our business plan, any of which could cause the market price of our common stock to decline.

Our common stock has a limited trading market, which could affect the ability to sell shares of our common stock, as well as our stock's trading price. Our common stock currently is quoted on the Over-the-Counter Pink Sheets and is not currently listed or quoted on a national securities exchange. The OTC Pink Sheets is a limited trading market, and the ability to trade our common stock on the over-the-counter market depends on the presence and investment decisions of willing buyers and sellers. Since our stock resumed quotation on the OTC Pink Sheets after the Chapter 11 Proceedings, the number of investors who have been transacting in our common stock and the volume of shares traded on a daily basis have been fairly low. As a result, the liquidity of our Common Stock is limited and will likely continue to be limited while our stock is quoted over-the-counter, with a potential negative impact on the ability to sell shares and the trading price of our common stock. If we choose to apply to list our common stock on a national securities exchange in future, there can be no assurance that our common stock will be accepted for quotation or listing by any exchange.

In addition, the OTC Pink Sheets where our stock currently trades, and stock markets in general, have historically experienced extreme price and volume fluctuations that have affected companies unrelated to their individual operating performance. The trading price of our common stock has been and is likely to continue to be volatile, both related to our actual reported results, as well as the perceptions, of our company, our current and future operations, our current and future industry, in addition to the market generally.

If we are not timely in posting the financial results of our fiscal years and fiscal quarters, the OTC may demote our status. Our common stock currently is quoted on the Over-the-Counter Pink Sheets, and the OTC Markets maintain different levels of Pink Sheets and other over-the-counter quotation. Although we are not required to file periodic reports with the SEC, if we are not timely in providing annual and quarterly financial and other OTC-required information, the OTC may demote our stock to a lesser tier of the Pink Sheets or over-the-counter markets. The OTC has recently increased the disclosure requirements for companies on the Pink Sheets and is likely to continue to increase such disclosure requirements in light of pending SEC rules. Such demotion could impact the confidence of our stockholders and the market generally in our company and thus could have a negative impact on our stock price.

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Possible legal proceedings and other contingent liabilities may impact our financial condition and results of operations, lowering our stock price, and limiting our ability to use our common stock as consideration in future transactions. Litigation may be filed against us, or our subsidiaries, or disputes may arise in the future concerning matters involving the discontinued operations, including those related to Fremont's prior businesses. We and our legacy subsidiary SGGH, LLC ("SGGH") have been and intend to continue to vigorously defend ourselves in all legal proceedings in which we are involved; however, the outcome of litigation and other legal matters is always uncertain and could materially adversely affect our liquidity, financial condition and results of operations. Furthermore, the costs to defend SGGH or the Company in these matters may be significant. In turn, these could have a material impact on the price of our common stock, which may limit our ability to utilize our common stock as consideration for potential future acquisitions and other transactions in which we may engage.

SGGH has been subject to residential mortgage-backed securities defense, indemnity and contribution claims. In connection with residential mortgage-backed securities offerings ("RMBS Offerings") involving loans originated by one of Fremont's subsidiaries, Fremont Investment & Loan ("FIL"), either or both of FIL and its subsidiary entered into mortgage loan purchase agreements, underwriting agreements, and indemnification and contribution agreements, which contained various representations and warranties relating to the loans. Investment banks involved in these RMBS Offerings have been sued in a number of actions concerning their activities related to subprime mortgages ("RMBS Actions"), where neither FIL, nor its subsidiary, are a named defendant. FIL and its subsidiary have historically received demands for defense, indemnity and contribution from defendants in various RMBS Actions. Each of these demands has been rejected as we believe the demanding parties are being sued for conduct not chargeable to FIL or its subsidiary. There is no assurance that FIL or its subsidiary will not be named as a defendant in additional RMBS Actions or receive additional demands for defense, indemnity and contribution. We intend to vigorously defend any claims seeking defense, indemnity or contribution, but we cannot presently predict whether such claims will be pursued or what the outcome would be. However, if the investment banks suffer losses in connection with RMBS Actions and successfully pursue claims against FIL, its subsidiary or SGGH, this could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Compliance with laws or regulations governing our current or future operations may adversely affect our business or cause us to alter our business strategy. The Company is subject to statutes and regulations at the U.S. federal, state and local, and foreign level, as may be any entity we acquire. The inability to comply with these statutes and regulations in the business segments, geographic regions and jurisdictions in which we or future subsidiaries operate could result in substantial costs, including fines, civil penalties, and criminal sanctions or costs associated with upgrades to improve facilities or changes in manufacturing or other processes in order to achieve and maintain regulatory compliance, which could, depending on their magnitude, individually or in the aggregate have a material adverse impact on our financial condition, results of operations and our stock price. Further, new legislation may be enacted, or new interpretations, rulings or regulations could be adopted, potentially with retroactive effect, any of which could harm us, our operations, our plans and our stockholders. We may seek to acquire new businesses subject to legislation or regulations with which we are not currently familiar. Compliance with existing laws and regulations, changes to laws and regulations or entry into new regulated industries may cause us to alter our operations or business strategy in order to minimize the adverse impact on our business and financial performance or to avail ourselves of new or different opportunities. Such changes could result in material differences in our business strategies and costs of regulatory compliance. Thus, any such changes, if they occur, could have a material adverse effect on our financial condition and results of operations.

Our data and information systems and network infrastructure may be subject to hacking or other cyber-security threats, giving unauthorized persons access to and the ability to misappropriate proprietary business information. Our operations are conducted entirely remotely, and we store and transmit proprietary information regarding our company and other businesses in the course of such operations. Any future acquisition will likely involve us storing and transmitting proprietary information for our acquired operations and its customers. Our operations are and will likely continue to be dependent upon the connectivity and continuity of our facilities and operations. Despite our security measures, our information systems and network infrastructure may be vulnerable to cyber-attacks or could be breached due to an employee error or other disruption that could result in unauthorized disclosure of sensitive information or an interruption of our networks that has the potential to significantly interfere with and disrupt our business operations or expose the proprietary information of contractual counterparties. Breaches of our security measures could expose us to a risk of loss or misuse of this information, litigation, and potential liability. Since techniques used to obtain unauthorized access or to sabotage information systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures in advance of such an attack on our systems. In addition, although we attempt to validate the security of such services, because of our or our business partners' use of cyber or "cloud" storage of information, our proprietary information may be misappropriated by third parties. In the event of an actual or perceived breach of our security, or the security of one of our business partners, the market perception of the effectiveness of our security measures and our attractiveness as a business partner could be harmed and we could suffer damage to our reputation or our business, or in the future, lose customers and the ability to obtain new customers. Additionally, misappropriation of our proprietary business information could prove competitively harmful to our business.