# Third Quarter 2020 Results

November 10, 2020

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# Notes/Safe Harbor

**Forward-Looking Statements** Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward looking statements generally are accompanied by words such as “may”, “should”, “would”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “seem”, “seek”, “continue”, “future”, “will”, “expect”, “outlook” or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, estimated or anticipated future results and benefits, future opportunities for Exela, and other statements that are not historical facts. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties, including without limitation those discussed under the heading “Risk Factors” in the. In addition, forward-looking statements provide Exela’s expectations, plans or forecasts of future events and views as of the date of this communication. Exela anticipates that subsequent events and developments will cause Exela’s assessments to change. These forward-looking statements should not be relied upon as representing Exela’s assessments as of any date subsequent to the date of this presentation.

**Non-GAAP Financial Measures and Related Information** This presentation includes constant currency, EBITDA and Adjusted EBITDA, each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles(“GAAP”). Exela believes that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance, results of operations and liquidity and allows investors to better understand the trends in our business and to better understand and compare our results. Exela’s board of directors and management use constant currency, EBITDA and Adjusted EBITDA to assess Exela’s financial performance, because it allows them to compare Exela’s operating performance on a consistent basis across periods by removing the effects of Exela’s capital structure (such as varying levels of debt and interest expense, as well as transaction costs resulting from the combination of Quinpario Acquisition Corp. 2, SourceHOV Holdings, Inc. and Novitex Holdings, Inc. on July 12, 2017 (the “Novitex Business Combination”) and capital markets-based activities).Adjusted EBITDA also seeks to remove the effects of integration and related costs to achieve the savings, any expected reduction in operating expenses due to the Novitex Business Combination, asset base (such as depreciation and amortization) and other similar non-routine items outside the control of our management team. Optimization and restructuring expenses and merger adjustments are primarily related to the implementation of strategic actions and initiatives related to the Novitex Business Combination. All of these costs are variable and dependent upon the nature of the actions being implemented and can vary significantly driven by business needs. Accordingly, due to that significant variability, we exclude these charges since we do not believe they truly reflect our past, current or future operating performance. The constant currency presentation excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency revenue and Adjusted EBITDA on a constant currency basis by converting our current-period local currency financial results using the exchange rates from the corresponding prior-period and compare these adjusted amounts to our corresponding prior period reported results. Exela does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Exela’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non GAAP financial measures are not required to be uniformly applied, are not audited and should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Net loss is the GAAP measure most directly comparable to the non-GAAP measures presented here. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the schedules attached to this presentation.

**Restatement** As described in additional detail in the Explanatory Note to the Company’s Annual Report on Form 10-K filed with the SEC on June 9, 2020 (the “Annual Report”), the Company restated its audited consolidated financial statements for the years ended December 31, 2018 and 2017 and its unaudited quarterly results for the first three fiscal quarters in the fiscal year ended December 31, 2019 and each fiscal quarter in the fiscal year ended December 31, 2018 in the Annual Report. Previously filed annual reports on Form 10-K and quarterly reports on Form 10-Q for the periods affected by the restatement have not been amended. See Note 20, Unaudited Quarterly Financial Data, of the Notes to the consolidated financial statements in the Annual Report for the impact of these adjustments on each of the quarterly periods in fiscal 2018 and for the first three quarters of fiscal 2019. All amounts in this release affected by the restatement adjustments reflect such amounts as restated.

**Rounding** Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

# Background

**EXELA** is a business process automation (BPA) leader, leveraging a global footprint and proprietary technology to provide digital transformation solutions enhancing quality, productivity, and end-user experience.

# Exela's Digital Foundation

### Leader in enabling automation of bills and payments by providing technology, services and analytics

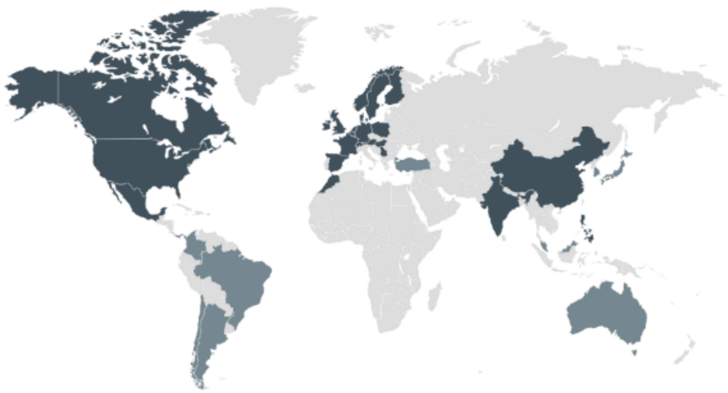
- Procure to Pay, Order to Cash, Expense management
- Payment Technologies and Services
- Human Capital Management
- Healthcare Payers and Providers
- Work from Anywhere (WFA) technologies and services for BPA and Digital Mail Room management
- Information Management and Communication

**60+**
PERCENT OF THE FORTUNE® 100

**30+**
YEARS OF EXPERIENCE

**4,000+**
CUSTOMERS

### A Global Partner



**50+** Countries

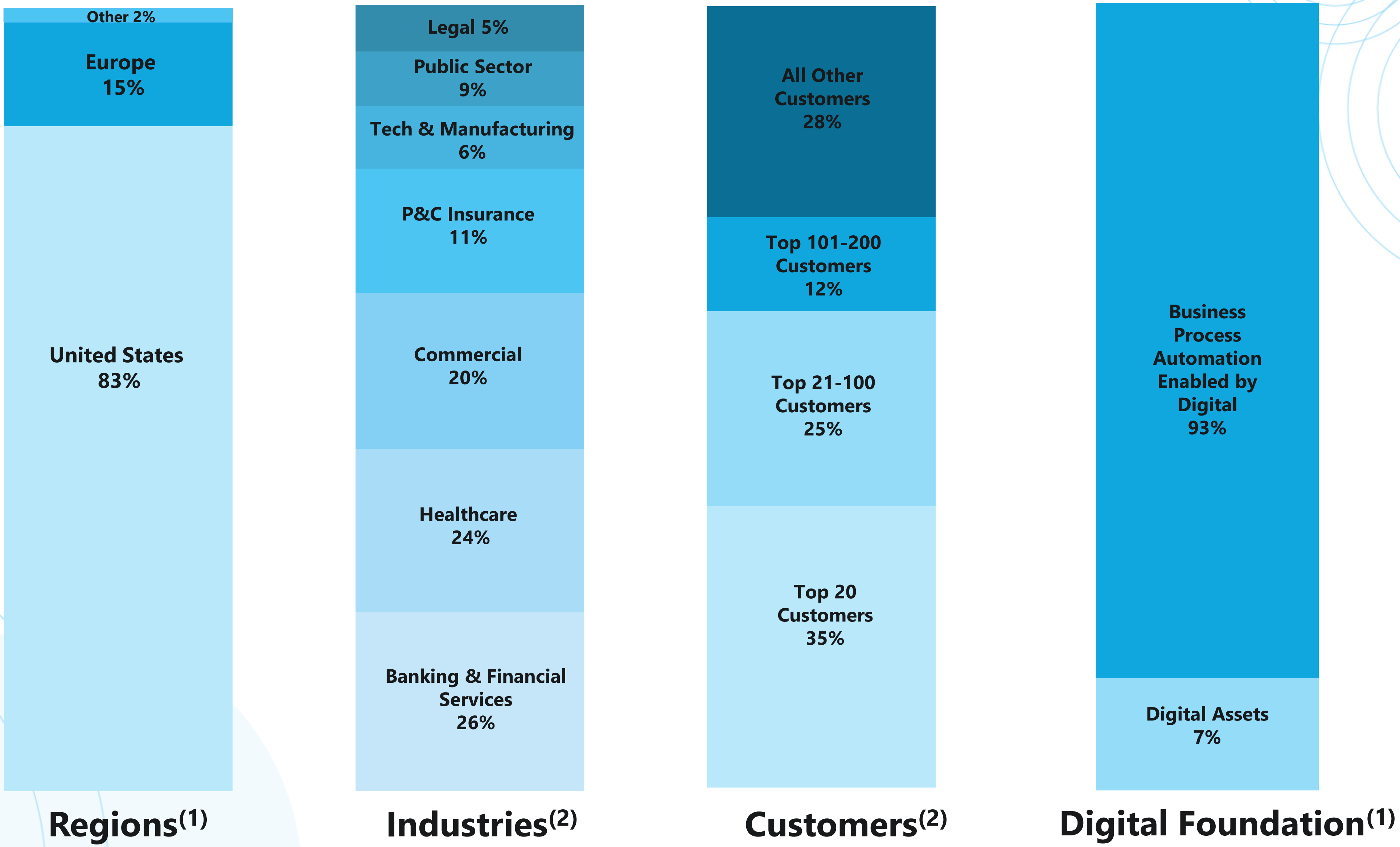
**21,000+** Employees

**2,000+** IT Professionals

**1,100+** Onsite Facilities

**150+** Delivery Centers

# Revenue Mix Demonstrates Breadth, Diversity and Low Industry & Customer Concentration Risk




(1) *Calculated on revenue for the nine months ended September 30, 2020.*
(2) *Calculated on revenue for the last twelve months ended September 30, 2020.*

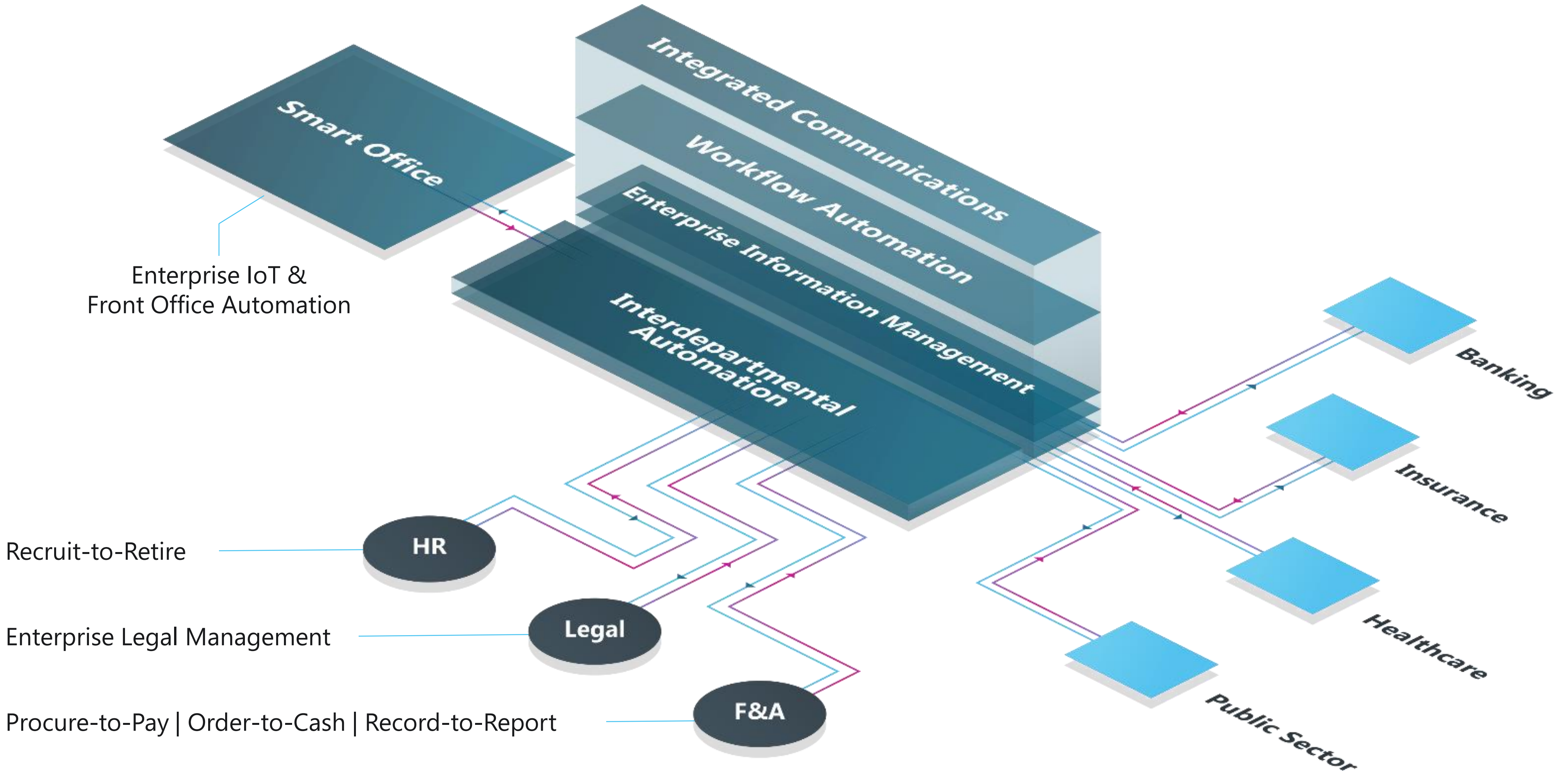
# Strategic Quarterly Highlights

- **Customers -** Throughout the pandemic, dialogue has increased as customers use us as a sounding board on reopening plans ranging from physical office to various cloud solutions. We estimate that 50% of customers will have some component of WFA.
- **Pipeline/New Wins -** Our pipeline has increased as customers prepare scenario analysis for different outcomes and do more with fewer people. Recent wins across sectors include Healthcare, Government and Accounting.
  - **Recent Business Wins (Sectors/Product)**
    - Healthcare – new business wins with large insurance providers and health care systems
    - Public sector – $59M ACV and over $200M TCV across Americas and EMEA
    - Digital Mail Room – >100k users with significant growth expected in 2021
- **Investment -** selectively investing in the business through hires in APAC, EMEA and the Americas to fund our strategic priorities
- **Innovation -** established the Digital Assets Group to foster the growth of this high margin business; accounts for 7% of total revenue
- **Stabilization -** Exela is seeing signs of customer stabilization even as COVID continues

# Exela Digital Assets

# Exela Digital Assets: Formalized Q3 2020

## $71 million YTD[1] revenue with 245 customers; 50+ customers added since September 30




(1) *Calculated on revenue for the nine months ended September 30, 2020..*

# What Differentiates Exela's Digital Assets from Competitors?

- Digital assets are supported by strategic consulting, product management and technology operations
- Typical contracts are available as enterprise wide, software as a service, per user per month models or licenses
- Designed to meet the evolving needs of large, medium and small organizations - customers can choose - 3, 5,10 year, monthly or yearly license with renewal features; annual maintenance and support

- Integrated technology differentiates Exela against varying size of competition consisting of technology & business process operations leaders and many emerging technology entrepreneurial companies

- Exela customers can benefit from a single source process management and technology provider with knowledge, referenceable deployments across multiple industries

*All logos remain property of their respective owners*

# Financial Results

Q3 2020 P&L and Adjusted EBITDA Highlights

Margins

Divesture and Liquidity Snapshot

# Q3 2020 P&L and Adjusted EBITDA Highlights

| $ in millions | Q3'20 | Q3'19 | Change ($) |
|---|---|---|---|
| Information and Transaction Processing Solutions | 234.4 | 292.6 | (58.2) |
| Healthcare Solutions | 54.2 | 62.1 | (7.9) |
| Legal and Loss Prevention Services | 16.7 | 18.8 | (2.1) |
| **Total Revenue** | **305.3** | **373.5** | **(68.3)** |
| *% change* | *-18%* | | |
| Cost of revenue (exclusive of depreciation and amortization) | 234.2 | 295.4 | (61.2) |
| **Gross profit** | **71.1** | **78.1** | **(7.0)** |
| *as a % of revenue* | *23%* | *21%* | *2%* |
| SG&A | 42.8 | 48.3 | (5.5) |
| Depreciation and amortization | 22.1 | 25.1 | (3.0) |
| Impairment of goodwill and other intangible assets | - | 97.2 | (97.2) |
| Related party expense | 1.4 | 1.4 | (0.1) |
| **Operating (loss) income** | **4.8** | **(93.9)** | **98.7** |
| *as a % of revenue* | *2%* | *-25%* | *27%* |
| Interest expense, net | 43.6 | 40.6 | 3.0 |
| Sundry expense (income) & Other income, net | (10.8) | 0.6 | (11.4) |
| **Net loss before income taxes** | **(28.0)** | **(135.1)** | **107.1** |
| Income tax expense (benefit) | 0.3 | (3.8) | 4.1 |
| **Net income (loss)** | **(28.3)** | **(131.3)** | **103.0** |
| *as a % of revenue* | *-9%* | *-35%* | *26%* |
| Depreciation and amortization | 22.1 | 25.1 | (3.0) |
| Interest expense, net | 43.6 | 40.6 | 3.0 |
| Income tax expense (benefit) | 0.3 | (3.8) | 4.1 |
| **EBITDA** | **37.7** | **(69.4)** | **107.1** |
| *as a % of revenue* | *12%* | *-19%* | *31%* |
| **EBITDA Adjustments** | | | |
| 1 Gain / loss on derivative instruments | (0.9) | 0.6 | (1.5) |
| 2 Non-Cash and Other Charges | (1.9) | 111.4 | (113.3) |
| 3 Transaction and integration costs | 2.6 | 1.2 | 1.4 |
| **Sub-Total (Adj. EBITDA before O&R)** | **37.4** | **43.7** | **(6.3)** |
| 4 Optimization and restructuring expenses | 11.3 | 16.8 | (5.6) |
| **Adjusted EBITDA** | **48.7** | **60.5** | **(11.9)** |
| *as a % of revenue* | *16%* | *16%* | *0%* |

**Revenue:** In line with guidance of $305-312M. A decline of 18% yoy mainly driven by mix of COVID-19 and transition revenue. COVID impacted ~30% of the yoy revenue shortfall with transition revenue the remainder. Revenue of $302.9M on a constant currency basis.

**COGS/Margin:** Gross margins increased by 2.4% on a yoy basis in the quarter, primarily due to better cost and capacity management. Reduction of stranded costs continues.

**SG&A:** SG&A costs declined by 11.4% on a yoy basis driven by lower professional fees, travel expenses and other costs.

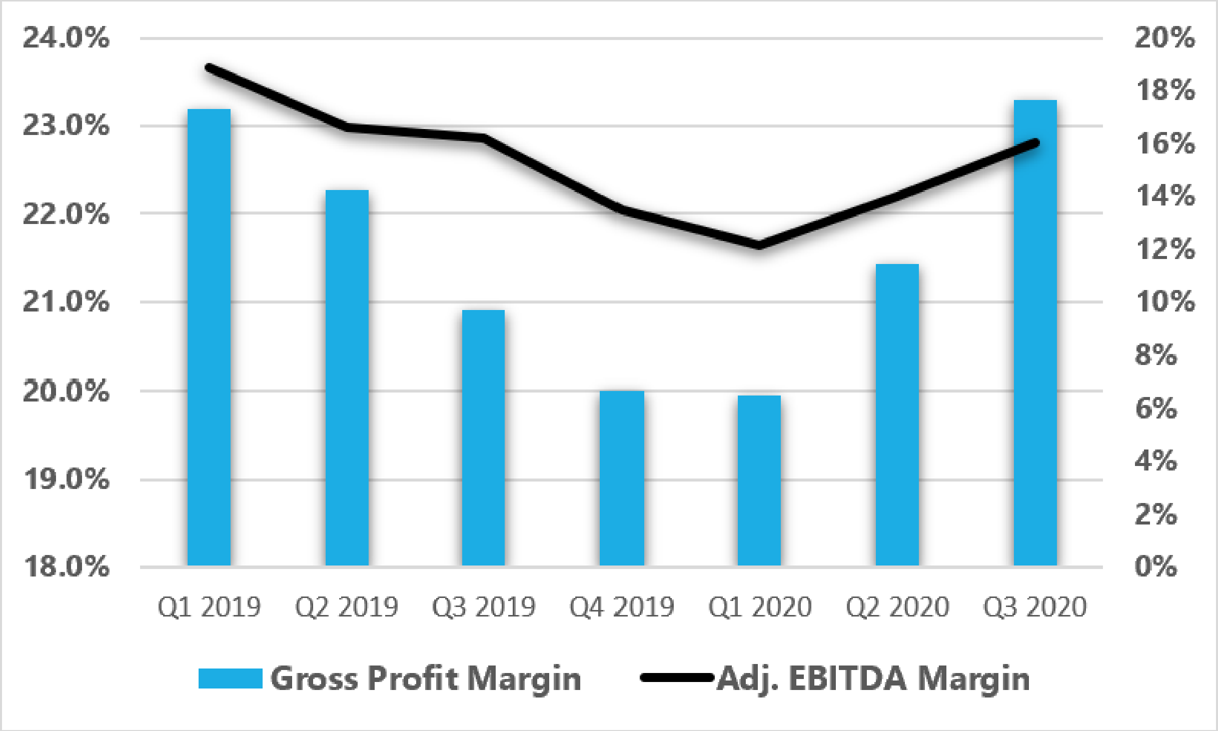
**Sundry:** Q3 2020 primarily includes gain on the sale of the physical records storage and logistics business along with gain/loss on interest-rate swaps.

**Adjusted EBITDA:** Adjusted EBITDA margin remained flat at 16% even with revenues down by $68 million. Adjusted EBITDA down 12% due to changes in revenue.

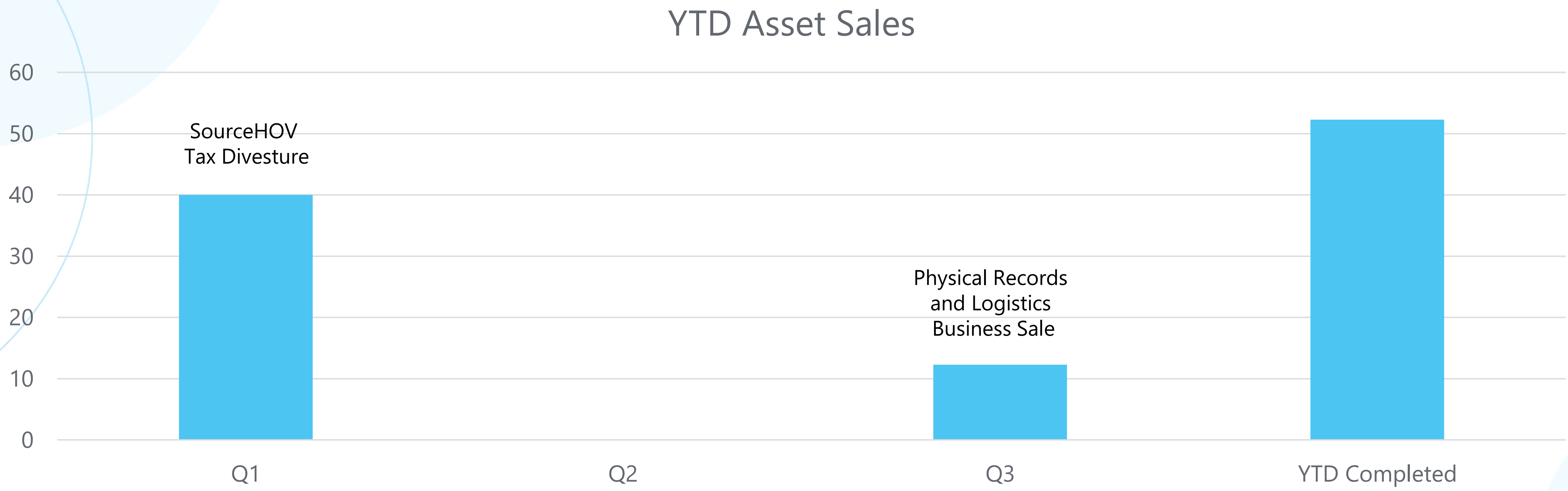
**Outlook**: We estimate revenue to be between $300-310M, with expansion of gross margins and reduction in SG&A by ~$2.5M QoQ due to revenue mix, continued cost and capacity management and lower stranded costs for Q4, excluding any one time events.

# Margin Expansion Continues

- Gross Margin increased 237 bps yoy to 23%, while Adjusted EBITDA Margins remained stable at 16%, but well off Q12020 nadir
- Positive Margin Trends
  - Operating leverage continues to expand
  - Evolving business model between WFA and WFO has yet to meet an inflection point
  - Exela Digital Foundation continuing business process improvements



# Divestitures and Liquidity Snapshot



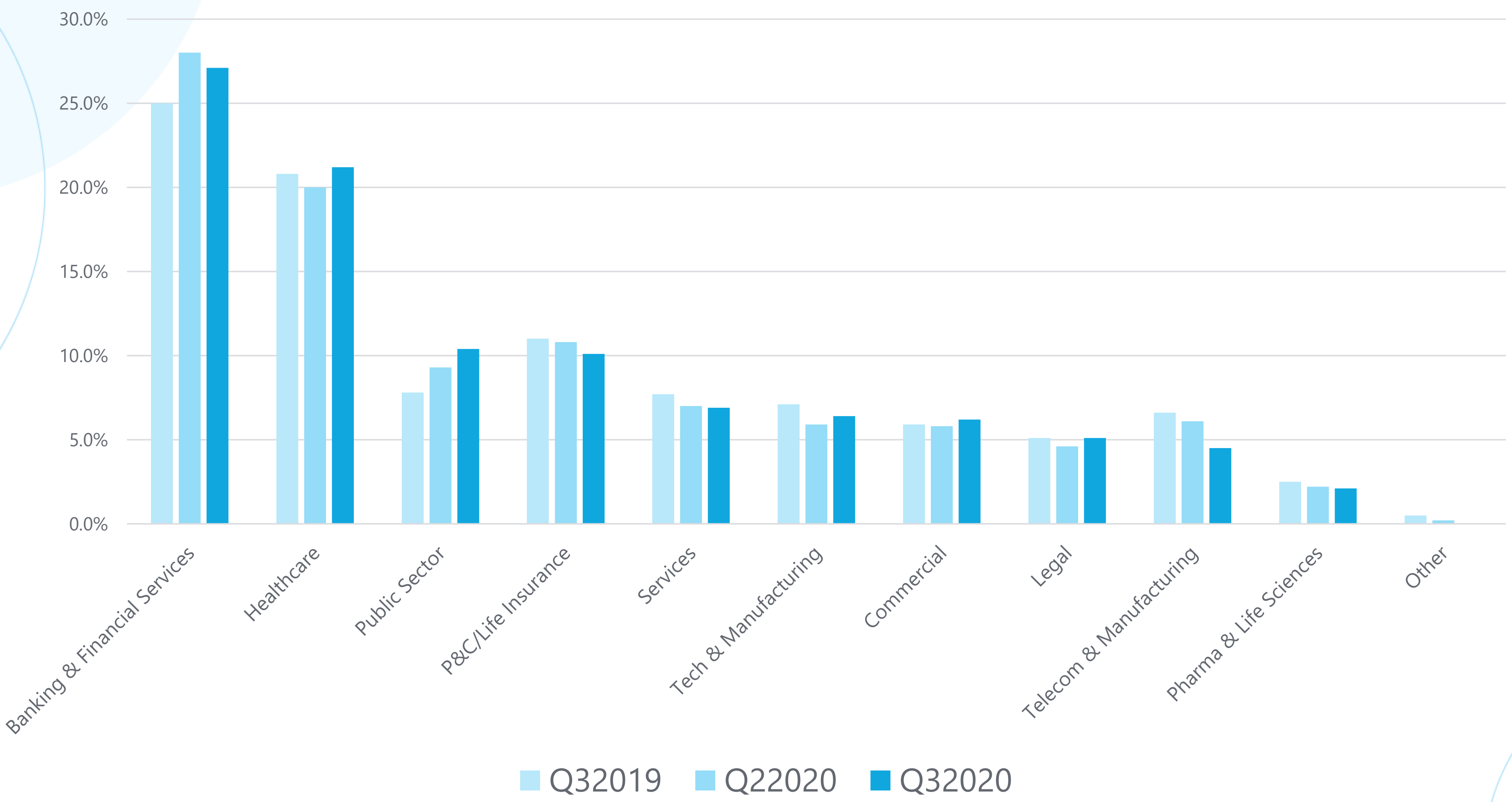

| ($ in millions) | As of 7.31.20 | As of 11.6.20 |
|---|---|---|
| **Liquidity[(1)]** | **$82** | **$77** |

(1) *Liquidity is calculated in accordance with the definition under the Third Amendment to First Lien Credit agreement and First Amendment to Collateral Agency and Security Agreement (First Lien), dated May 18, 2020, excluding the permitted $12 million of costs related to amendments of the credit documents as of September 30, 2020.*

# Q&A

# Appendix/Reconciliation

# Revenue Mix by Industry



# Reconciliation of non-GAAP measures – Revenue and Adj EBITDA

**Reconciliation of Non-GAAP Financial Measures to GAAP Measures**

**Non-GAAP constant currency revenue reconciliation**

| ($ in millions) | Three months ended 30-Sep-20 | Three months ended 30-Sep-19 | Nine months ended 30-Sep-20 | Nine months ended 30-Sep-19 |
|---|---|---|---|---|
| **Revenues, as reported (GAAP)** | **$305.3** | **$373.5** | **$978.5** | **$1,168.8** |
| Foreign currency exchange impact (1) | (2.4) | | 0.8 | |
| **Revenues, at constant currency (Non-GAAP)** | **$302.9** | **$373.5** | **$979.2** | **$1,168.8** |

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and nine months ended September 30, 2019, to the revenues during the corresponding period in 2020.

**Reconciliation of Adjusted EBITDA**

| ($ in millions) | Three months ended 30-Sep-20 | Three months ended 30-Sep-19 | Nine months ended 30-Sep-20 | Nine months ended 30-Sep-19 |
|---|---|---|---|---|
| **Net loss (GAAP)** | **($28.3)** | **($131.3)** | **($89.7)** | **($205.0)** |
| Interest expense | 43.6 | 40.6 | 129.6 | 120.2 |
| Taxes | 0.3 | (3.8) | 3.4 | 5.7 |
| Depreciation and amortization | 22.1 | 25.1 | 68.1 | 76.5 |
| **EBITDA (Non-GAAP)** | **$37.7** | **($69.4)** | **$111.5** | **($2.6)** |
| Transaction and integration costs | 2.6 | 1.2 | 11.7 | 4.2 |
| Optimization and restructuring expenses | 11.3 | 16.8 | 36.1 | 59.2 |
| Gain / loss on derivative instruments | (0.9) | 0.6 | (0.5) | 5.0 |
| Other Charges | (1.9) | 111.4 | (22.7) | 136.0 |
| **Adjusted EBITDA (Non-GAAP)** | **$48.7** | **$60.5** | **$136.2** | **$201.8** |
| Foreign currency exchange impact (1) | 0.1 | | 1.1 | - |
| **Adjusted EBITDA, at constant currency (Non-GAAP)** | **$48.8** | **$60.5** | **$137.3** | **$201.8** |

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and nine months ended September 30, 2019, to the adjusted EBITDA during the corresponding period in 2020.

# Reconciliation of non-GAAP measures – Revenue & Adjusted EBITDA Margin

**Non-GAAP revenue reconciliation & Adjusted EBITDA margin on revenue net of pass through & LMCE**

| ($ in millions) | Three months ended 30-Sep-20 | Three months ended 30-Sep-19 | Nine months ended 30-Sep-20 | Nine months ended 30-Sep-19 |
|---|---|---|---|---|
| **Revenues, as reported (GAAP)** | **$305.4** | **$373.5** | **$978.5** | **$1,168.8** |
| (-) Postage & postage handling | 51.0 | 63.6 | 176.0 | 205.3 |
| **Revenue - Net of pass through (Non-GAAP)** | **$254.4** | **$309.9** | **$802.6** | **$963.5** |
| (-) LMCE | - | - | - | 2.1 |
| **Revenue - Net of pass through & LMCE (Non-GAAP)** | **$254.4** | **$309.9** | **$802.6** | **$961.4** |
| Revenue growth % | (17.9%) | | (16.5%) | |
| **Adjusted EBITDA (Non-GAAP)** | **$48.7** | **$60.5** | **$136.2** | **$201.8** |
| **Adjusted EBITDA margin** | **19.1%** | **19.5%** | **17.0%** | **21.0%** |