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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 5, 2021**

EXELA TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

001-36788

(Commission File Number)

47-1347291

(I.R.S. Employer Identification Number)

2701 E. Grauwylter Rd.

Irving, TX

(Address of principal executive offices)

75061

(Zip Code)

Company's telephone number, including area code: **(844) 935-2832**

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|--|-----------------------|--|
| Common Stock, Par Value \$0.0001 per share | XELA | The Nasdaq Stock Market LLC |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation to the registrant under any of the following provisions:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

- 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.
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Item 2.02 Results of Operations and Financial Condition

Information in Item 8.01 is incorporated by reference in this Item 2.02.

Item 8.01 Other Events

On November 5, 2021, Exela Technologies, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2021. A copy of the press release is attached hereto as Exhibit 99.1.

The Company is making reference to non-GAAP financial information in the press release. A reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release.

Cautionary Statement Concerning Forward-Looking Statements

This Current Report on Form 8-K contains “forward-looking statements” within the meaning of federal securities laws. Words such as “expect” and “intend” and similar expressions identify forward-looking statements, which include but are not limited to statements related to our liquidity and potential financing sources. We caution you that these statements are not guarantees of future performance and are subject to numerous evolving risks and uncertainties that we may not be able to accurately predict or assess, including those in our risk factors that we identify in our most recent annual report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (“SEC”) on March 22, 2021, and any updates thereto in the Company’s quarterly reports on Form 10-Q and current reports on Form 8-K, as well as the “Risk Factors” section of our prospectus supplement filed with the SEC on June 30, 2021. We caution you not to place undue reliance on our forward-looking statements, which speak only as of their date, and we undertake no obligation to update this information.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit Number | Exhibit Description |
|-----------------------|--|
| <u>99.1</u> | <u>Press Release dated November 5, 2021</u> |
| 104 | The cover page from this Current Report on Form 8-K, formatted in Inline XBRL. |

SIGNATURE

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.

Dated: November 5, 2021

EXELA TECHNOLOGIES, INC.

By: /s/ Erik Mengwall
Name: Erik Mengwall
Title: Secretary



Exela Technologies, Inc. Reports Preliminary Third Quarter 2021 Results

November 05, 2021 09:10 ET | Source: [Exela Technologies, Inc.](#)

*Revenue of \$279.2 million and Loss per Share of \$0.09
 EBITDA of \$49.1 million and Adjusted EBITDA of \$36.4 million
 Expected to achieve \$50 million in cash flow improvements in 2022
 SMB business continues to show robust growth globally
 Conference call scheduled for November 5, 2021 at 2:00 PM ET*

Third Quarter 2021 Highlights:

- Revenue of \$279.2 million, a decline of 8.5% from Q3 2020
- Gross profit ⁽¹⁾ margin of 24.2%, an increase of ~90 basis points from Q3 2020
- Operating income of \$2.4 million, compared with operating income of \$4.8 million in Q3 2020
- Net loss of \$13.2 million, compared with net loss of \$28.3 million in Q3 2020
- EBITDA ⁽²⁾ of \$49.1 million, an increase of 30% from \$37.7 million in Q3 2020
- Adjusted EBITDA ⁽³⁾ of \$36.4 million, a decrease of 25.3% from \$48.7 million in Q3 2020
- Small-and-Medium-Sized Business “SMB” business continues robust growth globally with DMR growing 71% sequentially and DrySign growing 47% sequentially
- Launched an exchange offer for first priority secured notes due in 2023 and senior secured term loans due in 2023. Additional details are available on Company's website.

IRVING, Texas, Nov. 05, 2021 (GLOBE NEWSWIRE) -- Exela Technologies, Inc. ("Exela" or the "Company") (NASDAQ: XELA), a global business process automation ("BPA") leader, announced today its financial results for the third quarter ended September 30, 2021.

"We are focused on executing our strategy to speed up capital deployment, debt reduction, cash flow improvement, investing in our business for stabilizing performance, and growth. We will continue to take steps to restore and expand shareholder value," said Ronald Cogburn, Chief Executive Officer of Exela.

Cogburn continued, “The fundamentals of our business are strong and we are particularly pleased with the continued strong growth of our digital solutions for the SMB market where we see opportunity for further geographic expansion. We expect further improvements within our underlying business will lead to additional improvements in margins and cash flow in 2022.”

Third Quarter 2021 Financial Highlights

- **Revenue:** Revenue for Q3 2021 was \$279.2 million, a decline of 8.5% compared to \$305.3 million in Q3 2020. Revenue for the Information and Transaction Processing Solutions segment was \$208.3 million, a decline of 11.1% year-over-year, primarily due to lower volumes and underutilization of resources as a result of COVID-19 in addition to the impact of transition revenue exits. Exela believes it is well positioned to see volumes return in the ITPS segment once COVID-19 impacts subside. Healthcare Solutions revenue was \$54.0 million, a decrease of 0.4% year-over-year and Legal and Loss Prevention Services revenue was \$16.9 million, an increase of 1.3% year-over-year.
- **Operating income:** Operating income for Q3 2021 was \$2.4 million, compared with operating income of \$4.8 million in Q3 2020. The year-over-year decline in operating income was primarily attributable to lower gross profit and an increase in SG&A costs.
- **Net Loss:** Net loss for Q3 2021 was \$13.2 million, compared with a net loss of \$28.3 million in Q3 2020, primarily driven by the gain resulting from our debt repurchase.
- **EBITDA:** EBITDA for Q3 2021 was \$49.1 million, an increase of 30.1% compared to \$37.7 million in Q3 2020. EBITDA margin for Q3 2021 was 17.6%, an increase of 522 basis points from 12.4% in Q3 2020, primarily driven by the gain resulting from our debt repurchase.
- **Adjusted EBITDA:** Adjusted EBITDA for Q3 2021 was \$36.4 million, a decrease of 25.3% compared to \$48.7 million in Q3 2020. Adjusted EBITDA margin for Q3 2021 was 13.0%, a decrease of 292 basis points from 16.0% in Q3 2020 and 435 basis points from 17.4% in Q2 2021.
- **Common Stock:** As of September 30, 2021, there were 166,196,745 total shares outstanding and an additional 1,276,902 shares of common stock reserved for issuance for our outstanding preferred shares on an as-converted basis.

Third Quarter 2021 Business Highlights

- Launched Digital Mail Room (“DMR”) in France and Germany, and launched DrySign® in the UK and the Philippines, facilitating continued global expansion
 - Q3 2021 DrySign user growth of 47% and DMR customer growth of 71% from Q2 2021
 - Launched Exela HR Solutions, a robust human resource outsourcing service, in India and the United States
 - Expanded PCH Global Deployment for one of the world’s largest specialty care services insurance companies, highlighting the Company’s ability to rapidly implement PCH Global for claims submitted by providers, in this case servicing members that are from low income and disadvantaged communities across America
-

Capital Expenditures: Capital expenditures for the third quarter of 2021 were 1.3% of revenue compared to 0.6% of revenue in the third quarter of 2020.

Balance Sheet and Liquidity⁽⁴⁾: As of November 2, 2021, Exela's total liquidity was \$227 million. Exela's total net debt⁽⁵⁾ at September 30, 2021 was \$1,247 billion.

Expanding financial flexibility: As of September 30, 2021, Exela raised a total of \$276.0 million in gross proceeds from equity offerings. In accordance with Exela's plan to use proceeds from its equity offerings to strategically reduce its debt and associated interest expense obligations as well as explore ways to invest in its growth, Exela repurchased an aggregate of \$95.0 million of its debt as of November 4, 2021.

Exela expects its annual cash flow to improve by approximately \$50 million in 2022, starting in Q4 2021. Cash flow improvement is comprised of interest expense and loan amortization reduction of \$37.5 million and facility and other leases expense reduction of \$12.5 million.

Exela plans to continue working on expanding its financial flexibility with the objective to improve consolidated cash flows from all activities.

Revised 2021 Guidance

- Revenue range \$1.16 billion to \$1.18 billion
- Gross profit margin of 23% to 25%
- Adjusted EBITDA margin of 16% to 17%
- Capital expenditures in the range of 1% of revenue

Note: Guidance is based on reported revenue.

Below are the notes referenced above:

(1) – *Gross Profit is defined as revenue less cost of revenue excluding depreciation and amortization.*

(2) – *EBITDA is a non-GAAP measure. A reconciliation of EBITDA is attached to this release.*

(3) – *Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA is attached to this release. A reconciliation of Adjusted EBITDA (2021 Guidance) is not available on forward-looking basis without unreasonable efforts due to the impact and timing on future operating results arising from items excluded from the measures.*

(4) – *Liquidity as defined per the third amendment of the credit agreement effective May 15, 2020.*

(5) – *Net debt is calculated as the difference between the total debt outstanding (including \$1.0 billion of senior secured notes, \$350.0 million of term loans under the credit agreement dated July 12, 2017, \$83.5 million of revolving credit facility, \$19.5 million of capital leases and \$29.6 million of other debt) and the sum of \$89.6 million debt repurchased (but not retired following the quarter end) and \$146.2 million of consolidated cash balances as of September 30, 2021.*

Earnings Conference Call and Audio Webcast

Exela will host a conference call to discuss its third quarter 2021 financial results at 2:00 p.m. ET on November 5, 2021. To access this call, dial 833-255-2831 or +1-412-902-6724 (international). A replay of this conference call will be available through November 12, 2021 at 877-344-7529 or +1-412-317-0088 (international). The replay passcode is 10161561.

Exela invites all investors to ask questions that they would like addressed on the conference call. We ask individual investors to submit questions via email to IR@exelatech.com.

A live webcast of this conference call will be available on the “Investors” page of the Company’s website (www.exelatech.com). A supplemental slide presentation that accompanies this call and webcast can be found on the investor relations website (<http://investors.exelatech.com/>) and will remain available after the call.

About Exela

Exela Technologies 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. With decades of experience operating mission-critical processes, Exela serves a growing roster of more than 4,000 customers throughout 50 countries, including over 60% of the Fortune® 100. With foundational technologies spanning information management, workflow automation, and integrated communications, Exela’s software and services include multi-industry department solution suites addressing finance and accounting, human capital management, and legal management, as well as industry-specific solutions for banking, healthcare, insurance, and public sectors. Through cloud-enabled platforms, built on a configurable stack of automation modules, and over 17,500 employees operating in 23 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

Find out more at www.exelatech.com

To automatically receive Exela financial news by e-mail, please visit the Exela Investor Relations website, <http://investors.exelatech.com/>, and subscribe to E-mail Alerts.

For more Exela news, commentary, and industry perspectives, visit:

Website: <https://investors.exelatech.com/>

Twitter: [@ExelaTech](#)

LinkedIn: [/exela-technologies](#)

Facebook: [@exelatechnologies](#)

Instagram: [@exelatechnologies](#)

The information posted on the Company's website and/or via its social media accounts may be deemed material to investors. Accordingly, investors, media and others interested in the Company should monitor the Company's website and its social media accounts in addition to the Company's press releases, SEC filings and public conference calls and webcasts.

About Non-GAAP Financial Measures: This press release 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 release.

Forward-Looking Statements: Certain statements included in this press release 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 Annual Report. 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 press release.

Investor and/or Media Contacts:

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Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of September 30, 2021 and December 31, 2020
(in thousands of United States dollars except share and per share amounts)

| | September 30, 2021 <u>(Unaudited)</u> | December 31, 2020 <u>(Audited)</u> |
|--|---|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 146,175 | \$ 68,221 |
| Restricted cash | 24,814 | 2,088 |
| Accounts receivable, net of allowance for doubtful accounts of \$6,534 and \$5,647, respectively | 187,819 | 206,868 |
| Related party receivables and prepaid expenses | 725 | 711 |
| Inventories, net | 16,055 | 14,314 |
| Prepaid expenses and other current assets | 26,004 | 31,091 |
| Total current assets | 401,592 | 323,293 |
| Property, plant and equipment, net of accumulated depreciation of \$186,389 and \$193,760, respectively | 74,653 | 87,851 |
| Operating lease right-of-use assets, net | 59,909 | 68,861 |
| Goodwill | 358,431 | 359,781 |
| Intangible assets, net | 255,998 | 292,664 |
| Deferred income tax assets | 6,243 | 6,606 |
| Other noncurrent assets | 24,122 | 18,723 |
| Total assets | \$ 1,180,948 | \$ 1,157,779 |
| Liabilities and Stockholders' Equity (Deficit) | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 59,266 | \$ 76,027 |
| Related party payables | 715 | 97 |
| Income tax payable | 3,222 | 2,466 |
| Accrued liabilities | 109,109 | 126,399 |
| Accrued compensation and benefits | 58,041 | 63,467 |
| Accrued interest | 22,593 | 48,769 |
| Customer deposits | 15,688 | 21,277 |
| Deferred revenue | 16,914 | 16,377 |
| Obligation for claim payment | 48,376 | 29,328 |
| Current portion of finance lease liabilities | 9,147 | 12,231 |
| Current portion of operating lease liabilities | 16,630 | 18,349 |
| Current portion of long-term debts | 114,346 | 39,952 |
| Total current liabilities | 474,047 | 454,739 |
| Long-term debt, net of current maturities | 1,326,579 | 1,498,004 |
| Finance lease liabilities, net of current portion | 10,351 | 13,287 |
| Pension liabilities, net | 33,812 | 35,515 |
| Deferred income tax liabilities | 8,963 | 9,569 |
| Long-term income tax liabilities | 2,306 | 2,759 |
| Operating lease liabilities, net of current portion | 45,768 | 56,814 |
| Other long-term liabilities | 11,957 | 13,624 |
| Total liabilities | 1,913,783 | 2,084,311 |
| Commitments and Contingencies (Note 8) | | |
| Stockholders' equity (deficit) | | |
| Common stock, par value of \$0.0001 per share; 1,600,000,000 shares authorized; 168,648,451 shares issued and 166,196,745 shares outstanding at September 30, 2021 and 51,693,931 shares issued and 49,242,225 shares outstanding at December 31, 2020 | 26 | 15 |
| Preferred stock, par value of \$0.0001 per share; 20,000,000 shares authorized; 2,778,111 shares issued and outstanding at September 30, 2021 and 3,290,050 shares issued and outstanding at December 31, 2020 | 1 | 1 |
| Additional paid in capital | 711,893 | 446,739 |
| Less: Common Stock held in treasury, at cost; 2,451,706 shares at September 30, 2021 and December 31, 2020 | (10,949) | (10,949) |
| Equity-based compensation | 53,511 | 52,183 |
| Accumulated deficit | (1,461,819) | (1,390,038) |
| Accumulated other comprehensive loss: | | |
| Foreign currency translation adjustment | (8,664) | (7,419) |
| Unrealized pension actuarial losses, net of tax | (16,834) | (17,064) |
| Total accumulated other comprehensive loss | (25,498) | (24,483) |
| Total stockholders' deficit | (732,835) | (926,532) |
| Total liabilities and stockholders' deficit | \$ 1,180,948 | \$ 1,157,779 |

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
For the three and nine months ended September 30, 2021 and 2020
(in thousands of United States dollars except share and per share amounts)
(Uaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------------|------------------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue | \$ 279,229 | \$ 305,280 | \$ 872,294 | \$ 978,453 |
| Cost of revenue (exclusive of depreciation and amortization) | 211,731 | 234,222 | 653,398 | 768,548 |
| Selling, general and administrative expenses (exclusive of depreciation and amortization) | 43,244 | 42,837 | 121,519 | 140,224 |
| Depreciation and amortization | 19,094 | 22,095 | 58,113 | 68,127 |
| Related party expense | 2,744 | 1,360 | 7,199 | 4,058 |
| Operating profit (loss) | 2,416 | 4,766 | 32,065 | (2,504) |
| Other expense (income), net: | | | | |
| Interest expense, net | 41,757 | 43,612 | 127,755 | 129,639 |
| Gain on early extinguishment of debt, net | (28,070) | — | (28,070) | — |
| Sundry expense (income), net | 136 | (434) | (438) | (251) |
| Other expense (income), net | 366 | (10,414) | 1,169 | (45,655) |
| Net loss before income taxes | (11,773) | (27,998) | (68,351) | (86,237) |
| Income tax benefit (expense) | (1,441) | (320) | (3,430) | (3,440) |
| Net loss | \$ (13,214) | \$ (28,318) | \$ (71,781) | \$ (89,677) |
| Cumulative dividends for Series A Preferred Stock | (822) | (976) | (724) | (394) |
| Net loss attributable to common stockholders | \$ (14,036) | \$ (29,294) | \$ (72,505) | \$ (90,071) |
| Loss per share: | | | | |
| Basic and diluted | \$ (0.09) | \$ (0.60) | \$ (0.82) | \$ (1.83) |

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(in thousands of United States dollars unless otherwise stated)
(Uaudited)

| | Nine Months Ended September 30, | |
|---|--|------------------|
| | 2021 | 2020 |
| Cash flows from operating activities | | |
| Net loss | \$ (71,781) | \$ (89,677) |
| Adjustments to reconcile net loss | | |
| Depreciation and amortization | 58,113 | 68,127 |
| Original issue discount and debt issuance cost amortization | 11,684 | 10,979 |
| Gain on early extinguishment of debt, net | (28,070) | — |
| Provision for doubtful accounts | 2,427 | 415 |
| Deferred income tax provision | 484 | (417) |
| Share-based compensation expense | 1,519 | 2,480 |
| Unrealized foreign currency losses | (604) | (499) |
| Gain on sale of assets | (112) | (44,868) |
| Fair value adjustment for interest rate swap | (125) | 23 |
| Change in operating assets and liabilities, net of effect from acquisitions | | |
| Accounts receivable | 14,440 | 44,197 |
| Prepaid expenses and other assets | (4,329) | (8,012) |
| Accounts payable and accrued liabilities | (57,433) | (48,257) |
| Related party payables | 604 | (362) |
| Additions to outsource contract costs | (405) | (289) |
| Net cash used in operating activities | (73,588) | (66,160) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (6,950) | (6,893) |
| Additions to internally developed software | (951) | (2,988) |
| Cash paid for acquisition, net of cash received | - | (12,500) |
| Proceeds from sale of assets | 4,252 | 50,126 |
| Net cash provided by (used in) investing activities | (3,649) | 27,745 |
| Cash flows from financing activities | | |
| Proceeds from issuance of Common Stock from private placement | 25,065 | — |
| Proceeds from issuance of Common Stock from at the market offerings | 249,169 | — |
| Cash paid for equity issuance costs from at the market offerings | (9,060) | — |
| Borrowings under factoring arrangement and Securitization Facilities | 102,141 | 166,786 |
| Principal repayment on borrowings under factoring arrangement and Securitization Facilities | (105,112) | (84,121) |
| Lease terminations | (125) | (331) |
| Cash paid for debt issuance costs | - | (12,708) |
| Principal payments on finance lease obligations | (8,446) | (9,614) |
| Borrowings from senior secured revolving facility | 3,000 | 29,750 |
| Repayments on senior secured revolving facility | (55) | (14,200) |
| Borrowings from other loans | 8,537 | 28,626 |
| Cash paid for debt repurchases | (58,607) | — |
| Principal repayments on senior secured term loans and other loans | (28,512) | (37,283) |
| Net cash provided by financing activities | 177,995 | 66,905 |
| Effect of exchange rates on cash | (78) | 619 |
| Net increase in cash and cash equivalents | 100,680 | 29,109 |
| Cash, restricted cash, and cash equivalents | | |
| Beginning of period | 70,309 | 14,099 |
| End of period | \$ 170,989 | \$ 43,208 |
| Supplemental cash flow data: | | |
| Income tax payments, net of refunds received | \$ 2,766 | \$ 2,767 |
| Interest paid | 137,862 | 140,751 |
| Noncash investing and financing activities: | | |
| Assets acquired through right-of-use arrangements | 2,754 | 2,472 |
| Leasehold improvements funded by lessor | 125 | — |
| Settlement gain on related party payable to Ex-Sigma 2 | - | 1,287 |
| Accrued capital expenditures | 2,495 | 1,699 |

Exela Technologies
**Schedule 1: Third Quarter 2021 vs. Third
Quarter 2020 and Year to Date 2021 vs. Year
to Date 2020 Financial Performance**
(UAUDITED)

| \$ in millions | Q3'21 | Q3'20 | Change (\$) | YTD'21 | YTD'20 | Change (\$) |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| Information and Transaction Processing Solutions | 208.3 | 234.4 | (26.1) | 657.5 | 761.5 | (104.0) |
| Healthcare Solutions | 54.0 | 54.2 | (0.2) | 161.3 | 167.4 | (6.1) |
| Legal and Loss Prevention Services | 16.9 | 16.7 | 0.2 | 53.5 | 49.5 | 4.0 |
| Total Revenue | 279.2 | 305.3 | (26.1) | 872.3 | 978.5 | (106.2) |
| % change | -8.5% | -18% | | -11% | | |
| Cost of revenue (exclusive of depreciation and amortization) | 211.7 | 234.2 | (22.5) | 653.4 | 768.5 | (115.2) |
| Gross profit | 67.5 | 71.1 | (3.6) | 218.9 | 209.9 | 9.0 |
| % change | -5% | 24% | 23% | 1% | 25% | 21% |
| <i>as a % of revenue</i> | | | | | | 4% |
| SG&A | 43.2 | 42.8 | 0.4 | 121.5 | 140.2 | (18.7) |
| Depreciation and amortization | 19.1 | 22.1 | (3.0) | 58.1 | 68.1 | (10.0) |
| Related party expense | 2.7 | 1.4 | 1.4 | 7.2 | 4.1 | 3.1 |
| Operating (loss) income | 2.4 | 4.8 | (2.4) | 32.1 | (2.5) | 34.6 |
| <i>as a % of revenue</i> | <i>1%</i> | <i>2%</i> | <i>-1%</i> | <i>4%</i> | <i>0%</i> | <i>4%</i> |
| Interest expense, net | 41.8 | 43.6 | (1.9) | 127.8 | 129.6 | (1.9) |
| (Gain) / Loss on extinguishment of debt | (28.1) | - | (28.1) | (28.1) | - | (28.1) |
| Sundry expense (income) & Other income, net | 0.5 | (10.8) | 11.3 | 0.7 | (45.9) | 46.6 |
| Net loss before income taxes | (11.8) | (28.0) | 16.2 | (68.4) | (86.2) | 17.9 |
| Income tax expense (benefit) | 1.4 | 0.3 | 1.1 | 3.4 | 3.4 | (0.0) |
| Net income (loss) | (13.2) | (28.3) | 15.1 | (71.8) | (89.7) | 17.9 |
| <i>as a % of revenue</i> | <i>-5%</i> | <i>-9%</i> | <i>5%</i> | <i>-8%</i> | <i>-9%</i> | <i>1%</i> |
| Depreciation and amortization | 19.1 | 22.1 | (3.0) | 58.1 | 68.1 | (10.0) |
| Interest expense, net | 41.8 | 43.6 | (1.9) | 127.8 | 129.6 | (1.9) |
| Income tax expense (benefit) | 1.4 | 0.3 | 1.1 | 3.4 | 3.4 | (0.0) |
| EBITDA | 49.1 | 37.7 | 11.4 | 117.5 | 111.5 | 6.0 |
| <i>as a % of revenue</i> | <i>18%</i> | <i>12%</i> | <i>5%</i> | <i>13%</i> | <i>11%</i> | <i>2%</i> |
| EBITDA Adjustments | | | | | | |
| 1 Gain / loss on derivative instruments | - | (0.9) | 0.9 | (0.1) | (0.5) | 0.4 |
| 2 Non-Cash and Other Charges | (19.3) | (1.9) | (17.4) | (6.6) | (22.7) | 16.1 |
| 3 Transaction and integration costs | 1.9 | 2.6 | (0.6) | 7.9 | 11.7 | (3.8) |
| Sub-Total (Adj. EBITDA before O&R) | 31.7 | 37.4 | (5.8) | 118.8 | 100.1 | 18.7 |
| 4 Optimization and restructuring expenses | 4.7 | 11.3 | (6.6) | 15.0 | 36.1 | (21.1) |
| Adjusted EBITDA | 36.4 | 48.7 | (12.3) | 133.8 | 136.2 | (2.5) |
| % change | -25% | | | -2% | | |
| <i>as a % of revenue</i> | <i>13%</i> | <i>16%</i> | <i>-3%</i> | <i>15%</i> | <i>14%</i> | <i>1%</i> |

Exela Technologies
Schedule 2: Reconciliation of Adjusted EBITDA
and constant currency revenues

Non-GAAP constant currency revenue reconciliation

| (\$ in millions) | Three months ended | | | Nine months ended | |
|--|--------------------|-----------------|-----------------|-------------------|-----------------|
| | 30-Sep-21 | 30-Sep-20 | 30-Jun-21 | 30-Sep-21 | 30-Sep-20 |
| Revenues, as reported (GAAP) | \$ 279.2 | \$ 305.3 | \$ 293.0 | \$ 872.3 | \$ 978.5 |
| Foreign currency exchange impact ⁽¹⁾ | (1.4) | | (5.5) | (11.9) | |
| Revenues, at constant currency (Non-GAAP) | \$ 277.9 | \$ 305.3 | \$ 287.5 | \$ 860.4 | \$ 978.5 |

(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, 2020, to the revenues during the corresponding period in 2021.

Reconciliation of Adjusted EBITDA

| (\$ in millions) | Three months ended | | | Nine months ended | |
|---|--------------------|----------------|----------------|-------------------|-----------------|
| | 30-Sep-21 | 30-Sep-20 | 30-Jun-21 | 30-Sep-21 | 30-Sep-20 |
| Net loss (GAAP) | (\$ 13.2) | (\$ 28.3) | (\$ 19.4) | (\$ 71.8) | (\$ 89.7) |
| Interest expense | 41.8 | 43.6 | 42.9 | 127.8 | 129.6 |
| Taxes | 1.4 | 0.3 | 2.0 | 3.4 | 3.4 |
| Depreciation and amortization | 19.1 | 22.1 | 19.4 | 58.1 | 68.1 |
| EBITDA (Non-GAAP) | \$ 49.1 | \$ 37.7 | \$ 44.9 | \$ 117.5 | \$ 111.5 |
| Transaction and integration costs | 1.9 | 2.6 | 1.4 | 7.9 | 11.7 |
| Gain / loss on derivative instruments | - | (0.9) | - | (0.1) | (0.5) |
| Other Charges / (gains) | (19.3) | (1.9) | (0.3) | (6.6) | (22.7) |
| Sub-Total (Adj. EBITDA before O&R) | \$ 31.7 | \$ 37.4 | \$ 46.0 | \$ 118.8 | \$ 100.1 |
| Optimization and restructuring expenses | 4.7 | 11.3 | 4.9 | 15.0 | 36.1 |
| Adjusted EBITDA (Non-GAAP) | \$ 36.4 | \$ 48.7 | \$ 50.9 | \$ 133.8 | \$ 136.2 |

Schedule 3: Non-GAAP Revenue reconciliation & Adjusted EBITDA margin on Revenue net of pass through

| (\$ in millions) | Three months ended | | | Nine months ended | |
|---|--------------------|-----------------|-----------------|-------------------|-----------------|
| | 30-Sep-21 | 30-Sep-20 | 30-Jun-21 | 30-Sep-21 | 30-Sep-20 |
| Revenues, as reported (GAAP) | \$ 279.2 | \$ 305.3 | \$ 293.0 | \$ 872.3 | \$ 978.5 |
| (-) Postage & postage handling | 50.1 | 51.0 | 52.8 | 162.3 | 176.0 |
| Revenue - Net of pass through (Non-GAAP) | \$ 229.1 | \$ 254.3 | \$ 240.2 | \$ 710.0 | \$ 802.5 |
| Revenue growth % | (9.9%) | | | (11.5%) | |
| Adjusted EBITDA (Non-GAAP) | \$ 36.4 | \$ 48.7 | \$ 50.9 | \$ 133.8 | \$ 136.2 |
| Adjusted EBITDA margin | 15.9% | 19.1% | 21.2% | 18.8% | 17.0% |