



Exela Technologies Holdings, Inc.

Reports First Quarter 2024 Results

Mai 15, 2024

First Quarter Highlights

- Revenue of \$258.8 million, down 5.4% year-over-year
- Gross margin of 22.0%, up 1.1% year-over-year
- Interest expense of \$21.1M, down 52.3% year-over-year
- SG&A of \$40.9M, down 7.9% year-over-year
- Operating profit of \$0.1M versus a loss of \$6.9 million year-over-year
- Net loss of \$25.6 million (\$24.9 million attributable to Exela Technologies Inc), an improvement of \$19.9 million year-over-year
- Adjusted EBITDA of \$12.9M, down 11.1% year-over-year

IRVING, Texas, May 15, 2024 (GLOBE NEWSWIRE) -- Exela Technologies, Inc. ("Exela" or the "Company") (NASDAQ: XELA, XELAP), a global business process automation ("BPA") leader, announced today its financial results for the first quarter 2024.

"Our results show improvement across many operating metrics. We see benefits from increasing operating leverage and plan to prudently invest in expansion of solutions and people to grow wallet share from our sizable marquee customer base. We will remain focused on growth, cost management. We will continue to refine our strategy as needed to maintain momentum as we approach the second half of the year," noted Par Chadha, Executive Chairman.

First Quarter Highlights

- **Revenue:** Revenue for 1Q 2024 was \$258.8 million, a decline of 5.4% compared to \$273.6 million in 1Q 2023 or a decline of 4.3% pro forma excluding the sale of the high speed scanner business
 - Revenue for the Information and Transaction Processing Solutions segment was \$176.1 million, a decline of 9.1% year-over-year or a decline of 7.6% on a pro forma basis when adjusted for the sale of the high speed scanner business.
 - Healthcare Solutions generated \$64.9 million, a 2.9% increase year-over-year
 - Legal and Loss Prevention Services generated \$17.8 million in revenue, a 5.6% increase year-over-year
- **Gross margin** of 22.0%, up 1.1% year-over-year due to lower costs



- **Interest Expense** of \$21.1M, down 52.3% year-over-year due to debt modification
- **SG&A** of \$40.9M, down 7.9% year-over-year due to vigilant control over costs
- **Operating profit:** Operating profit of \$0.1M versus a loss of \$6.9 million year-over-year highlights a mix of lower costs and lower depreciation and amortization
- **Net Loss:** Net loss of \$25.6 million (\$24.9 million attributable to Exela Technologies Inc), an improvement of \$19.9 million year-over-year mainly driven by lower interest expense and no debt modification costs this quarter.
- **Adjusted EBITDA⁽¹⁾:** Adjusted EBITDA was \$12.9 million compared to \$14.5 million in 2023, down 11.1% year-over-year while up 41.7% sequentially. Adjusted EBITDA margin was 5.0%, a decrease of 10 basis points from 1Q2023.

Below is the note referenced above:

(1) Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA is attached to this release.

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. Utilizing foundational technologies spanning information management, workflow automation, and integrated communications, Exela's software and services include multi-industry, departmental solution suites addressing finance and accounting, human capital management, and legal management, as well as industry-specific solutions for banking, healthcare, insurance, and the public sector. Through cloud-enabled platforms, built on a configurable stack of automation modules, and approximately 13,600 employees operating in 20 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

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.

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 the network outage described in this press release and those discussed under the heading “Risk Factors” in our Annual Report and in subsequent filings with the U.S. Securities and Exchange Commission (“SEC”). 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.

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

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

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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.

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Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of March 31, 2024 and December 31, 2023

(in thousands of United States dollars except share and per share amounts)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 9,501	\$ 23,341



Restricted cash	24,523	43,812
Accounts receivable, net of allowance for credit losses of \$5,551 and \$6,628, respectively	75,777	76,893
Related party receivables and prepaid expenses	474	296
Inventories, net	12,473	11,502
Prepaid expenses and other current assets	27,651	25,364
Total current assets	150,399	181,208
Property, plant and equipment, net of accumulated depreciation of \$215,449 and \$213,142, respectively	55,428	58,366
Operating lease right-of-use assets, net	31,688	33,874
Goodwill	170,355	170,452
Intangible assets, net	157,078	164,920
Deferred income tax assets	2,913	3,043
Other noncurrent assets	23,943	24,474
Total assets	\$ 591,804	\$ 636,337



Liabilities and Stockholders' Deficit

Liabilities

Current liabilities		
Current portion of long-term debt	\$ 29,057	\$ 30,029
Accounts payable	66,375	61,109
Related party payables	2,463	1,938
Income tax payable	2,352	2,080
Accrued liabilities	63,404	63,699
Accrued compensation and benefits	74,927	65,012
Accrued interest	29,946	52,389
Customer deposits	23,731	23,838
Deferred revenue	14,524	12,099
Obligation for claim payment	43,336	66,988
Current portion of finance lease liabilities	4,348	4,856
Current portion of operating lease liabilities	10,214	10,845
Total current liabilities	364,677	394,882
Long-term debt, net of current maturities	1,041,940	1,030,580
Finance lease liabilities, net of current portion	5,170	5,953
Pension liabilities, net	12,617	13,192
Deferred income tax liabilities	12,638	11,692
Long-term income tax liabilities	6,086	6,359
Operating lease liabilities, net of current portion	24,916	26,703
Other long-term liabilities	5,392	5,811
Total liabilities	1,473,436	1,495,172





Commitments and Contingencies (Note 8)

Stockholders' deficit

Common Stock, par value of \$0.0001 per share; 1,600,000,000 shares authorized; 6,365,355 shares issued and outstanding at March 31, 2024 and December 31, 2023

261 261

Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized at March 31, 2024 and December 31, 2023

Series A Preferred Stock, 2,778,111 shares issued and outstanding at March 31, 2024 and December 31, 2023

1 1

Series B Preferred Stock, 3,029,900 shares issued and outstanding at March 31, 2024 and December 31, 2023

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Additional paid in capital

1,237,354 1,236,171

Accumulated deficit

(2,108,993) (2,084,114)

Accumulated other comprehensive loss:

Foreign currency translation adjustment

(6,422) (7,648)

Unrealized pension actuarial gains (losses), net of tax

37 (174)

Total accumulated other comprehensive loss

(6,385) (7,822)

Total stockholders' deficit attributable to Exela Technologies, Inc.

(877,762) (855,503)

Noncontrolling interest in XBP Europe

(3,870) (3,332)

Total stockholders' deficit

(881,632) (858,835)

Total liabilities and stockholders' deficit

\$ 591,804 \$ 636,337

The accompanying notes are an integral part of these condensed consolidated financial statements.

Exela Technologies, Inc. and Subsidiaries **Condensed Consolidated Statements of Operations** **For the three months ended March 31, 2024 and 2023**

(in thousands of United States dollars except share and per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 258,811	\$ 273,620
Cost of revenue (exclusive of depreciation and amortization)	201,988	216,467
Selling, general and administrative expenses (exclusive of depreciation and amortization)	40,854	44,381
Depreciation and amortization	13,507	16,560
Related party expense	2,391	3,112



Operating profit (loss)	71	(6,900)
Other expense (income), net:		
Interest expense, net	21,088	44,180
Debt modification and extinguishment costs (gain), net	—	(8,773)
Sundry expense, net	1,881	748
Other income, net	(451)	(282)
Loss before income taxes	(22,447)	(42,773)
Income tax expense	(3,126)	(2,663)
Net loss	(25,573)	(45,436)
Net loss attributable to noncontrolling interest in XBP Europe, net of taxes	(694)	—
Net loss attributable to Exela Technologies, Inc.	\$ (24,879)	\$ (45,436)
Cumulative dividends for Series A Preferred Stock	(1,053)	(954)
Cumulative dividends for Series B Preferred Stock	(1,224)	(1,153)
Net loss attributable to common stockholders	\$ (27,156)	\$ (47,543)
Loss per share:		
Basic and diluted	\$ (4.27)	\$ (9.88)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(in thousands of United States dollars except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (25,573)	\$ (45,436)
Adjustments to reconcile net loss to cash used in operating activities		
Depreciation and amortization	13,507	16,560
Original issue discount, debt premium and debt issuance cost amortization	(9,916)	7,456
Interest paid on BR Exar AR Facility	(1,110)	(2,232)
Debt modification and extinguishment gain, net	—	(9,760)



Credit loss expense	4,491	1,983
Deferred income tax provision	957	521
Share-based compensation expense	1,183	111
Unrealized foreign currency (gain) loss	18	238
(Gain) loss on sale of assets	(602)	88
Fair value adjustment for private warrants liability of XBP Europe	(37)	—
Change in operating assets and liabilities		
Accounts receivable	(2,624)	950
Prepaid expenses and other current assets	(2,818)	(1,494)
Accounts payable and accrued liabilities	(6,420)	(24,232)
Related party payables	346	94
Additions to outsource contract costs	(482)	(116)
Net cash used in operating activities	(29,080)	(55,269)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,378)	(1,888)
Additions to internally developed software	(855)	(1,014)
Proceeds from sale of assets	2,649	—
Net cash used in investing activities	(584)	(2,902)
Cash flows from financing activities		
Proceeds from issuance of Common Stock from at the market offerings	—	69,260
Cash paid for equity issuance costs from at the market offerings	—	(2,232)
Borrowings under factoring arrangement and Securitization Facility	348	31,985
Principal repayment on borrowings under factoring arrangement and Securitization Facility	(311)	(31,325)
Cash paid for debt issuance costs	(193)	(6,308)
Principal payments on finance lease obligations	(1,765)	(1,137)
Borrowings under BRCC revolver	—	9,600
Borrowings from other loans	3,219	2,152
Cash paid for debt repurchases	—	(3,633)
Proceeds from Second Lien Note	—	31,500
Borrowing under BR Exar AR Facility	14,914	10,000
Repayments under BR Exar AR Facility	(11,103)	(4,130)
Repayment of BRCC term loan	—	(34,204)
Principal repayments on senior secured term loans, BRCC revolver and other loans	(8,656)	(7,745)
Net cash (used in) provided by financing activities	(3,547)	63,783



Effect of exchange rates on cash, restricted cash and cash equivalents

82 140

Net increase (decrease) in cash, restricted cash and cash equivalents

(33,129) 5,752

Cash, restricted cash, and cash equivalents

Beginning of period

67,153 45,067

End of period

\$ 34,024 \$ 50,819

Supplemental cash flow data:

Income tax payments, net of refunds received

\$ 594 \$ 1,147

Interest paid

30,674 65,300

Noncash investing and financing activities:

Assets acquired through right-of-use arrangements

491 405

Accrued PIK interest paid through issuance of PIK Notes

23,342 —

Waiver and consent fees payable added to outstanding balance of Senior Secured Term loans

1,000 —

Accrued capital expenditures

\$ 494 \$ 1,945

(1) Exela restated the condensed consolidated statement of cash flows for the three months ended March 31, 2023 by reclassifying borrowing and repayments under BR Exar AR Facility as separate line items which were previously included in borrowings from other loans and principal repayments on senior secured term loans and other loans, respectively under cash flow from financing activities. Interest paid on BR Exar AR Facility which was previously included in principal repayments on senior secured term loans and other loans under cash flow from financing activities is restated by reclassification as cash flow from operating activities.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Exela Technologies, Inc. and Subsidiaries

Schedule 1: Reconciliation of Adjusted EBITDA and constant currency revenues

**Non-GAAP
constant
currency revenue
reconciliation**

(\$ in millions)	Three months ended			Year ended (YTD)	
	31-Mar-24	31-Mar-23	31-Dec-23	31-Mar-24	31-Mar-23
Revenues, as reported (GAAP)	\$258.8	\$273.6	\$264.4	\$258.8	\$273.6



Foreign currency exchange impact ⁽¹⁾	(0.7)	3.2	(1.8)	(0.7)	3.2
Revenues, at constant currency (Non-GAAP)	\$258.1	\$276.8	\$262.6	\$258.1	\$276.8

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and six months ended March 31, 2023, to the revenues during the corresponding period in 2024.

Reconciliation of Adjusted EBITDA

(\$ in millions)	Three months ended			Year ended (YTD)	
	31-Mar-24	31-Mar-23	31-Dec-23	31-Mar-24	31-Mar-23
Net loss (GAAP)	(\$25.6)	(\$45.4)	(\$25.0)	(\$25.6)	(\$45.4)
Interest expense	21.1	44.2	25.7	21.1	44.2
Taxes	3.1	2.7	1.9	3.1	2.7
Depreciation and amortization	13.5	16.6	14.7	13.5	16.6
EBITDA (Non-GAAP)	\$12.1	\$18.0	\$17.2	\$12.1	\$18.0
Transaction and integration costs	0.1	5.2	0.4	0.1	5.2
Gain / loss on derivative instruments	-	-	-	-	-
Other Charges / (gains)	0.6	(8.7)	(8.6)	0.6	(8.7)
Adjusted EBITDA (Non-GAAP)	\$12.9	\$14.5	\$9.0	\$12.9	\$14.5

Source: Exela Technologies, Inc.



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