



Exela Technologies Holdings, Inc. Reports First Quarter 2024 Results

May 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 | — | — |
| 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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