



Exela Technologies, Inc. Reports Fourth Quarter and Full Year 2017 Results; Achieves Full Year Guidance for Pro Forma Revenue and Adjusted EBITDA; Sets 2018 Revenue Guidance of 4%-6%, Above Previous Long-Term Guidance

Mar 15, 2018

2017 GAAP Revenue of \$1.152 billion, an increase of 46%

2017 Pro Forma Revenue of \$1.456 billion, an increase of 9%

2017 GAAP Net Loss of (\$204) million including charges totaling \$221 million

IRVING, Texas, March 15, 2018 (GLOBE NEWSWIRE) -- Exela Technologies, Inc. ("Exela" or the "Company") (NASDAQ:XELA), one of the largest global providers of platforms for Business Process Automation ("BPA"), announced today its financial results for the fourth quarter and year-end for the year ended December 31, 2017.

"I'm pleased with our operational and financial results highlighted by 2017 pro forma revenue growth of 9% and meeting our full-year 2017 guidance for pro forma revenue and Adjusted EBITDA. Revenue from our top 100 customers grew 14% year-over-year.

As I look to the future we have numerous opportunities for growth, by leveraging our scale, experience and references in business process automation and in industry-specific and industry-agnostic enterprise software solutions.

To best position the Company for long term shareholder value, and to increase our profitability, our strategy includes, increasing awareness of our Company's solutions in the market, and accelerating investments in people and technologies," said Ronald Cogburn, Chief Executive Officer.

Financial information contained in this press release is presented pro forma for the business combination of Quinpario Acquisition Corp. 2, SourceHOV Holdings, Inc. ("SourceHOV") and Novitex Holdings, Inc. ("Novitex"), which closed on July 12, 2017. The primary pro forma adjustment is to include the results of Novitex for the period January 1, 2017 to July 12, 2017. For more information, please refer to the reconciliation of reported to pro forma financial



results contained in the Schedules of this release.

Full-Year 2017 Pro Forma Financial Highlights

- **Revenue:** \$1.456 billion, an increase of 9.2% from \$1.331 billion in 2016. Information & Transaction Processing Solutions (“ITPS”) revenue was \$1.131 billion, an increase of 15.0%. Healthcare Solutions (“HS”) revenue totaled \$233.6 million, a decrease of 5.6%. Legal and Loss Prevention Services (“LLPS”) revenue totaled \$91.6 million in 2017, a decrease of 9.0%.
- 100 customers represent ~60% of total revenue, up 14%
- 6 customers over \$25 million in annual revenue and over approximately 200 customers with more than \$1 million in annual revenue.
- Low concentration with the largest customer representing 6% of total revenue.
- Revenue per full-time employee increased to \$66k from \$56k.

- **Adjusted EBITDA:** \$245.2 million, representing an Adjusted EBITDA margin of 16.9%, compared with Adjusted EBITDA of \$248.5 million and 18.6% margin in 2016.

- **Further Adjusted EBITDA:** \$346.8 million, representing a Further Adjusted EBITDA margin of 23.8%, compared with Further Adjusted EBITDA of \$349.9 million and 26.2% margin in 2016. The year-over-year decrease in Further Adjusted EBITDA was primarily driven by higher ramp-up costs associated with new ITPS client contracts, investments in the Company’s revenue growth initiatives, and higher public company costs, partially offset by cost savings initiatives of which over \$40 million was delivered in 2017.

- **Capital Expenditures:** 2.9% of 2017 revenue compared to 3.9% of 2016 revenue

Balance Sheet and Liquidity

- **Balance Sheet and Liquidity:** At December 31, 2017, Exela’s total liquidity was \$141 million and total net debt was \$1.345 billion. The Company had cash of \$62 million, of which \$23 million is segregated for customer use and a \$100 million revolving credit facility, which was undrawn, but net of \$21 million in stand-by letters of credit, giving the Company \$79 million at December 31, 2017 available for borrowing.

- **Net Leverage Ratio:** 3.88x

Fourth Quarter Ended December 31, 2017 Pro Forma Financial Highlights

- **Revenue:** Actual revenue of \$386.3 million, an increase of 9.6% from \$352.5 million in the fourth quarter of 2016, and an increase of 7.8% from \$358.2 million in the third quarter of 2017. Refer to pro forma revenue reconciliation for third quarter of 2017 and



fourth quarter of 2016. All three segments grew revenue on a year-over year basis. ITPS revenue was \$301.5 million, an increase of 11.2% year-over-year, driven primarily by increased volumes and expansion of services within existing customers. HS revenue was \$60.1 million, an increase of 2.5%. LLPS revenue was \$24.7 million, an increase of 8.3%.

- **Net Loss:** (\$58.7) million and includes an impairment charge of approximately (\$69.4) million. Net loss for the fourth quarter of 2016 totaled (\$19.9) million. Excluding the impairment charge, the company would have reported a net income of \$10.7 million for the fourth quarter of 2017.
- **Adjusted EBITDA:** \$62.7 million, representing a margin of 16.3%, compared with Adjusted EBITDA of \$64.7 million and margin of 18.4% in the fourth quarter of 2016. The year-over-year decrease in fourth quarter 2017 Adjusted EBITDA was primarily driven by higher ramp-up costs associated with new ITPS client contracts, investments in the Company's revenue growth initiatives, and higher public company costs.
- **Stock buy-back:** purchased 49,300 shares to partially fund the long-term incentive plan.

Outlook

2018

- Initial 2018 revenue guidance is in the range of \$1.510 billion - \$1.540 billion or of 4% - 6%, exceeding the Company's previous long-term guidance of 3% - 4% growth based on our visibility heading into 2018
- Adjusted EBITDA guidance - in the range of \$290- \$310 million or growth of 18% - 26%, representing a 19% - 20% margin for 2018
- Further Adjusted EBITDA guidance - in the range of \$330- \$355 million or a margin of 22% - 23%
- Guidance includes delivering \$40 - \$45 million in savings during 2018 with remaining during 2019

Long-term

- Revenue growth in the range of 3%-4%
- Further Adjusted EBITDA margin guidance in the range of 22% - 23%
- Guidance is based on constant-currency

The above outlook is based on 2017 pro forma results. Reconciliations are available in the attached tables.



Earnings Conference Call and Audio Webcast

Exela will host a conference call to discuss its fourth quarter 2017 financial results today at 5:00 p.m. EDT. To access this call, dial 800-860-2442 or +412-858-4600. A replay of this conference call will be available through March 22, 2018 at 877-344-7529 or +412-317-0088 (international). The replay passcode is 10116940. 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. Exela has also posted additional historical financial information regarding SourceHOV Holdings, Inc. and Novitex Holdings, Inc. on a combined basis to its investor relations website, (<http://investors.exelatech.com>).

About Exela: Embracing complexity. Delivering simplicitySM. Exela Technologies, Inc. (“Exela”) is a global business process automation (“BPA”) leader combining industry-specific and industry-agnostic enterprise software and solutions with decades of experience. Our BPA suite of solutions are deployed in banking, healthcare, insurance and other industries to support mission-critical environments. Exela is a leader in workflow automation, attended and un-attended cognitive automation, digital mailrooms, print communications, and payment processing with deployments across the globe.

Exela partners with customers to improve user experience and quality through operational efficiency. Exela serves over 3,500 customers across more than 50 countries, through a secure, cloud-enabled global delivery model. We are 22,000 employees strong at nearly 1,200 onsite client facilities and 150 delivery centers located throughout the Americas, Europe and Asia. Our client list includes 60% of the Fortune® 100, along with many of the world’s largest retail chains, banks, law firms, healthcare insurance payers and providers and telecom companies.

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About Non-GAAP Financial Measures: This earnings release presents certain non-GAAP financial measures including EBITDA, Adjusted EBITDA, Further Adjusted EBITDA, each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). We believe 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. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Our board of directors and management use EBITDA, Adjusted EBITDA, and Further Adjusted EBITDA to assess our financial performance, because it allows them to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of debt and interest expense, as well as transaction



costs resulting from the business combination and other such capital markets based activities. Adjusted EBITDA and Further Adjusted EBITDA also seek to remove the effects of integration and related costs to achieve the savings, any expected reduction in operating expenses due to the business combination, asset base (such as depreciation and amortization) and other similar non-routine items outside the control of our management team. The Company 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 the Company'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 our non-GAAP measures. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the schedules to this release. Optimization & restructuring expenses and merger adjustments are primarily related to the implementation of strategic actions and initiatives related to the business combination completed on July 12, 2017. 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.

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, the estimated or anticipated future results and benefits of the recently consummated transaction between Exela Technologies, Inc., SourceHOV Holdings, Inc., and Novitex Holdings, Inc. (including the related transactions, the "Business Combination"), future opportunities for the combined company, 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 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 regarding Exela's businesses, and actual results may differ materially. These risks and uncertainties include, but are not limited to, changes in the business environment in which Exela operates and general financial, economic, regulatory and political conditions affecting the industries in which Exela operates; changes in taxes, governmental



laws, and regulations; competitive product and pricing activity; failure to realize the anticipated benefits of the Business Combination, including as a result of a delay or difficulty in integrating the businesses of SourceHOV and Novitex or the inability to realize the expected amount and timing of cost savings and operating synergies of the Business Combination; and those factors discussed under the heading “Risk Factors” in Exela’s Proxy Statement dated June 26, 2017 (the “Proxy Statement”) filed with the 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 presentation.

Exela Technologies
Condensed Consolidated Balance Sheet (Unaudited)

| | December 31, | |
|--|---------------------|------------------|
| | 2017 | 2016 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 39,000 | \$ 8,361 |
| Restricted cash | 42,489 | 25,892 |
| Accounts receivable, net of allowance for doubtful accounts of \$3,725 and \$3,200, respectively | 229,704 | 138,421 |
| Inventories, net | 11,922 | 11,195 |
| Prepaid expenses and other current assets | 24,596 | 12,202 |
| Total current assets | 347,711 | 196,071 |
| Property, plant and equipment, net | 132,908 | 81,600 |
| Goodwill | 747,325 | 373,291 |
| Intangible assets, net | 464,984 | 298,739 |
| Deferred income tax assets | 9,019 | 9,654 |
| Other noncurrent assets | 12,891 | 10,131 |
| Total assets | \$1,714,838 | \$969,486 |
| Liabilities and Stockholders’ Equity (Deficit) | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 81,263 | \$ 42,212 |
| Related party payables | 14,445 | 9,344 |
| Income tax payable | 3,612 | 1,031 |
| Accrued liabilities | 104,485 | 29,492 |
| Accrued compensation and benefits | 46,925 | 31,200 |
| Customer deposits | 31,656 | 18,729 |
| Deferred revenue | 12,709 | 17,235 |
| Obligation for claim payment | 42,489 | 25,892 |
| Current portion of capital lease obligations | 15,611 | 6,507 |
| Current portion of long-term debt | 20,565 | 55,833 |



| | | |
|---|-------------|-----------|
| Total current liabilities | 373,760 | 237,475 |
| Long-term debt, net of current maturities | 1,276,094 | 983,502 |
| Capital lease obligations, net of current maturities | 25,958 | 18,439 |
| Pension liability | 25,496 | 28,712 |
| Deferred income tax liabilities | 5,362 | 26,223 |
| Long-term income tax liability | 3,470 | 3,063 |
| Other long-term liabilities | 14,704 | 11,973 |
| Total liabilities | 1,724,844 | 1,309,387 |
| Commitments and Contingencies | | |
| Stockholders' equity (deficit) | | |
| Common stock, par value of \$0.0001 per share; 1,600,000,000 shares authorized; 150,578,451 shares issued and 150,529,151 shares outstanding at December 31, 2017 and 64,024,557 shares issued and outstanding at December 31, 2016 | 15 | 6 |
| Preferred stock, par value of \$0.0001 per share; 20,000,000 shares authorized; 6,194,233 shares issued and outstanding at December 31, 2017 and no shares issued or outstanding at December 31, 2016 | 1 | - |
| Additional paid in capital | 482,018 | (57,395) |
| Less: common stock held in treasury, at cost; 49,300 shares at December 31, 2017 and no shares at December 31, 2016 | (249) | - |
| Equity based compensation | 34,085 | 27,342 |
| Accumulated deficit | (514,628) | (293,968) |
| Accumulated other comprehensive loss: | | |
| Foreign currency translation adjustment | (194) | (3,547) |
| Unrealized pension actuarial losses, net of tax | (11,054) | (12,339) |
| Total accumulated other comprehensive loss | (11,248) | (15,886) |
| Total stockholders' equity (deficit) | (10,006) | (339,901) |
| Total liabilities and stockholders' equity (deficit) | \$1,714,838 | \$969,486 |

Exela Technologies
Condensed Consolidated Statements of Income (Loss) (Unaudited)

| | Year ended December 31, | | |
|--|--------------------------------|-------------|-------------|
| | 2017 | 2016 | 2015 |
| Revenue | \$ 1,152,324 | \$ 789,926 | \$ 805,232 |
| Cost of revenue (exclusive of depreciation and amortization) | 829,143 | 519,121 | 559,846 |
| Selling, general and administrative expenses | 220,955 | 130,437 | 120,691 |
| Depreciation and amortization | 98,890 | 79,639 | 75,408 |
| Impairment of goodwill and other intangible assets | 69,437 | - | - |
| Related party expense | 33,431 | 10,493 | 8,977 |
| Operating income (loss) | (99,532) | 50,236 | 40,310 |
| Other expense (income), net: | | | |
| Interest expense, net | 128,489 | 109,414 | 108,779 |
| Loss on extinguishment of debt | 35,512 | - | - |



| | | | |
|--|---------------------|--------------------|--------------------|
| Sundry expense, net | 2,295 | 712 | 3,247 |
| Other income, net | (1,297) | - | - |
| Net loss before income taxes | (264,531) | (59,890) | (71,716) |
| Income tax (expense) benefit | 60,246 | 11,787 | 26,812 |
| Net loss | (204,285) | (48,103) | (44,904) |
| Dividend equivalent on Series A Preferred Stock related to beneficial conversion feature | (16,375) | - | - |
| Cumulative dividends for Series A Preferred Stock | (2,489) | - | - |
| Net loss attributable to common stockholders | \$ (223,149) | \$ (48,103) | \$ (44,904) |
| Earnings per share: | - | - | - |
| Basic and diluted | \$ (2.08) | \$ (0.75) | \$ (0.70) |

Exela Technologies
Condensed Consolidated Statements of Cash Flows (Unaudited)

| | Year ended December 31, | | |
|---|--------------------------------|---------------|--------------|
| | 2017 | 2016 | 2015 |
| Cash flows from operating activities | | | |
| Net loss | \$ (204,285) | \$ (48,103) | \$ (44,904) |
| Adjustments to reconcile net loss | | | |
| Depreciation and amortization | 98,890 | 79,639 | 75,408 |
| Fees paid in stock | 23,875 | - | - |
| HGM Contract Termination Fee paid in stock | 10,000 | - | - |
| Original issue discount and debt issuance cost amortization | 12,280 | 13,684 | 12,974 |
| Loss on extinguishment of debt | 35,512 | - | - |
| Impairment of goodwill and other intangible assets | 69,437 | - | - |
| Provision (recovery) for doubtful accounts | 500 | 756 | 1,105 |
| Deferred income tax benefit | (66,723) | (15,729) | (27,177) |
| Share-based compensation expense | 6,743 | 7,086 | 8,122 |
| Foreign currency remeasurement | 1,382 | 193 | 150 |
| Gain on sale of Meridian | (588) | - | - |
| Loss on sale of property, plant and equipment | 987 | 2,245 | 632 |
| Fair value adjustment of swap derivative | (1,297) | - | - |
| Change in operating assets and liabilities, net of effect from acquisitions | | | |
| Accounts receivable | (4,832) | 20,801 | 11,583 |
| Prepaid expenses and other assets | 2,628 | 4,969 | 892 |
| Accounts payable and accrued liabilities | 52,953 | 5,544 | (28,644) |
| Related party payables | 4,907 | (2,427) | (2,703) |
| Net cash provided by operating activities | 42,369 | 68,658 | 7,438 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | (14,440) | (7,926) | (10,669) |
| Additions to internally developed software | (7,843) | (13,017) | (3,279) |
| Additions to outsourcing contract costs | (10,992) | (14,636) | (7,882) |
| Cash paid for TransCentra purchase option | - | - | (12,810) |
| Cash acquired in Transcentra acquisition | - | 3,351 | - |
| Proceeds from sale of Meridian | 4,582 | - | - |
| Cash acquired in Quinpario reverse merger | 91 | - | - |
| Cash paid in Novitex acquisition, net of cash received | (423,428) | - | - |
| Other acquisitions, net of cash received | (369) | - | - |



| | | | |
|---|------------------|-----------------|-----------------|
| Proceeds from sale of property, plant and equipment | 25 | 626 | 208 |
| Net cash used in investing activities | (452,374) | (31,602) | (34,432) |
| Cash flows from financing activities | | | |
| Change in bank overdraft | (210) | (1,331) | 938 |
| Proceeds from issuance of stock | 204,417 | - | - |
| Cash received from Quinpario | 27,031 | - | - |
| Repurchases of common stock | (249) | - | - |
| Proceeds from financing obligations | 3,116 | 5,429 | 5,554 |
| Contribution from shareholders | 20,548 | - | - |
| Proceeds from new credit facility | 1,320,500 | - | - |
| Retirement of previous credit facilities | (1,055,736) | - | - |
| Cash paid for debt issuance costs | (39,837) | - | - |
| Cash paid for equity issue costs | (149) | - | - |
| Borrowings from revolver and swing-line loan | 72,600 | 53,700 | 157,400 |
| Repayments from revolver and swing line loan | (72,500) | (53,200) | (108,800) |
| Principal payments on long-term obligations | (39,316) | (47,853) | (33,474) |
| Net cash provided by (used in) financing activities | 440,215 | (43,255) | 21,618 |
| Effect of exchange rates on cash | 429 | (2,059) | (672) |
| Net increase (decrease) in cash and cash equivalents | 30,639 | (8,258) | (6,048) |
| Cash and cash equivalents | | | |
| Beginning of period | 8,361 | 16,619 | 22,667 |
| End of period | \$ 39,000 | \$ 8,361 | \$ 16,619 |
| Supplemental cash flow data: | | | |
| Income tax payments, net of refunds received | \$ 5,711 | \$ 3,771 | \$ 1,784 |
| Interest paid | 69,622 | 96,166 | 87,302 |
| Noncash investing and financing activities: | | | |
| Assets acquired through capital lease arrangements | 6,973 | 11,925 | 6,021 |
| Leasehold improvements funded by lessor | 146 | 5,186 | 665 |
| Issuance of common stock as consideration for Novitex | 244,800 | - | - |
| Accrued capital expenditures | 1,621 | 580 | 878 |
| Dividend equivalent on Series A Preferred Stock | \$ 16,375 | \$ - | \$ - |
| Liability assumed of Quinpario | 4,672 | | |

Exela Technologies

Schedule 1: Pro Forma 2016 vs. 2017 Financial Performance

| (\$ in millions) | Pro Forma FY 2017 | Pro Forma FY 2016 | % Change |
|---|----------------------|----------------------|-------------|
| Revenue | | | |
| Information and Transaction Processing Solutions | \$1,131.0 | \$983.3 | 15.0% |
| Healthcare Solutions | 233.6 | 247.6 | -5.6% |
| Legal and Loss Prevention Services | 91.6 | 102.2 | -10.4% |
| Total Revenue | 1,456.3 | 1,333.1 | 9.2% |
| Cost of revenue (exclusive of depreciation and amortization) | 1,079.9 | 957.1 | |
| Selling, general and administrative expenses (Incl related party) | 289.5 | 190.8 | |



| | | | |
|--|----------------|----------------|-------|
| Depreciation and amortization | 119.5 | 120.2 | |
| Impairment of goodwill and other intangible assets | 69.4 | - | |
| Operating income (loss) | (102.1) | 64.9 | |
| Interest expense, net | 153.4 | 157.3 | |
| Loss / (Gain) on extinguishment of debt | 53.0 | (2.3) | |
| Sundry expense (income) & Other income, net | 1.1 | (1.6) | |
| Net loss before income taxes | (309.6) | (88.5) | |
| Income tax expense / (benefit) | (67.2) | (23.6) | |
| Net loss | (242.4) | (64.9) | |
| Depreciation and amortization | 119.5 | 120.2 | |
| Interest expense, net | 153.4 | 157.3 | |
| Income tax expense / (benefit) | (67.2) | (23.6) | |
| EBITDA | (36.7) | 189.0 | |
| Impairment of goodwill and other intangible assets | 69.4 | - | |
| (Gain) / loss on extinguishment of debt | 53.0 | (2.3) | |
| Transaction and integration costs | 99.0 | 3.3 | |
| Optimization and restructuring expenses | 47.9 | 36.0 | |
| Non-cash charges, oversight & management fees | 12.6 | 22.5 | |
| Adjusted EBITDA | \$245.2 | \$248.5 | |
| | 16.8% | 18.6% | |
| Further Adjusted EBITDA | \$346.8 | \$349.9 | -0.9% |
| <i>% Margin</i> | 23.8% | 26.2% | |

Note: Pro Forma FY 2017 SG&A (Including related party) of \$289.5 million includes non-routine transaction related expenses of \$99.0 million. Refer to Further Adjusted EBITDA reconciliation.

(1) Financial results for Pro Forma FY 2016 do not include contribution from the TransCentra acquisition for the first nine months of the year since the transaction was closed on September 28, 2016.

(2) For additional information refer to Further Adjusted EBITDA Reconciliations

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Schedule 2: Pro Forma Fourth Quarter 2016 vs. Fourth Quarter 2017 Financial Performance

| (\$ in millions) | Q4 2017 | Pro Forma Q4 2016 |
|--|--------------|-------------------|
| Revenue | | |
| Information and Transaction Processing Solutions | \$301.5 | \$271.0 |
| Healthcare Solutions | 60.1 | 58.6 |
| Legal and Loss Prevention Services | 24.7 | 22.8 |
| Total Revenue | 386.3 | 352.5 |
| Cost of revenue (exclusive of depreciation and amortization) | 289.9 | 256.0 |



| | | |
|--|---------------|---------------|
| Selling, general and administrative expenses (Including related party) | 50.0 | 49.9 |
| Depreciation and amortization | 28.1 | 31.2 |
| Impairment of goodwill and other intangible assets | 69.4 | 0.0 |
| Operating income (loss) | (51.2) | 15.4 |
| Interest expense, net | 36.7 | 40.2 |
| Sundry expense (income) & Other income, net | (2.0) | 0.4 |
| Net loss before income taxes | (86.0) | (25.3) |
| Income tax expense / (benefit) | (27.3) | (5.3) |
| Net loss | (58.7) | (19.9) |
| Depreciation and amortization | 28.1 | 31.2 |
| Interest expense, net | 36.7 | 40.2 |
| Income tax expense / (benefit) | (27.3) | (5.3) |
| EBITDA | (21.1) | 46.1 |
| Impairment of goodwill and other intangible assets | 69.4 | - |
| Transaction and integration costs | 2.4 | 1.5 |
| Optimization and restructuring expenses | 11.0 | 10.0 |
| Non-cash charges, oversight & management fees | 1.0 | 7.1 |
| Adjusted EBITDA | \$62.7 | \$64.7 |
| | 16.2% | 18.4% |

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Schedule 3: Adjusted EBITDA Reconciliation - Fourth Quarter 2016

| | As Reported Q4 2016⁽¹⁾ | Novitex Q4 2016⁽¹⁾ | Pro Forma Q4 2016⁽¹⁾ |
|---|--|--|--|
| Net loss | (\$14.7) | (\$5.3) | (\$19.9) |
| Taxes | (1.8) | (3.5) | (5.3) |
| Interest expense | 27.7 | 12.5 | 40.2 |
| Depreciation and amortization | 21.2 | 10.0 | 31.2 |
| EBITDA | \$32.4 | \$13.7 | \$46.1 |
| Optimization and restructuring expenses | 8.8 | 1.2 | 10.0 |
| Transaction and integration costs | 1.5 | - | 1.5 |
| Non-cash charges | 2.9 | - | 2.9 |
| New contract setup | - | 0.9 | 0.9 |
| Oversight and management Fees | 2.7 | 0.6 | 3.4 |
| Adjusted EBITDA | \$48.3 | \$16.4 | \$64.7 |

(1) Note: Net loss for the period is presented on the basis of the previous debt structure at the respective standalone companies. As of July 12th, 2017 the existing debt structures at respective Exela entities have been replaced with a new capital structure consisting of \$350 Million Term Loan and \$1.0 Billion Senior Secured Notes.



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Schedule 4: Adjusted EBITDA Reconciliation - Fourth Quarter
2017

| | As Reported Q4 2017 |
|--|--------------------------------------|
| Net loss | (\$58.7) |
| Taxes | (27.3) |
| Interest expense | 36.7 |
| Depreciation and amortization | 28.1 |
| EBITDA | (\$21.1) |
| Impairment of goodwill and other intangible assets | 69.4 |
| Optimization and restructuring expenses | 11.0 |
| Transaction and integration costs | 2.4 |
| Non-cash charges | 2.3 |
| New contract setup | - |
| Oversight and management Fees | - |
| (Gain) / loss on extinguishment of debt | - |
| (Gain) / loss on derivative instruments | (1.3) |
| Adjusted EBITDA | \$62.7 |

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Schedule 5: Further Adjusted EBITDA Reconciliation - 2016

| (\$ in millions) | As Reported FY 2016⁽¹⁾ | Novitex FY 2016 | Pro Forma FY 2016⁽¹⁾ |
|---|--|----------------------------------|--|
| Net loss | (\$48.1) | (\$19.1) | (\$67.2) |
| Taxes | (11.8) | (11.8) | (23.6) |
| Interest expense | 109.4 | 47.9 | 157.3 |
| Depreciation and amortization | 79.6 | 40.6 | 120.2 |
| EBITDA | \$129.2 | \$57.6 | \$186.7 |
| Optimization and restructuring expenses | 7.6 | 28.4 | 36.0 |
| Transaction and integration costs | 18.8 | (15.6) | 3.3 |
| Non-cash charges | 9.8 | - | 9.8 |
| New contract setup | - | 5.3 | 5.3 |
| Oversight and management Fees | 7.8 | 1.9 | 9.7 |
| (Gain) / loss on extinguishment of debt | - | (2.3) | (2.3) |



| | | | |
|--|----------------|---------------|----------------|
| (Gain) / loss on derivative instruments | - | - | - |
| Impairment of goodwill and other intangible assets | - | - | - |
| Adjusted EBITDA | \$173.2 | \$75.3 | \$248.5 |
| Gain / (loss) on currency exchange | 0.7 | - | 0.7 |
| Combined merger adjustments | | | 100.6 |
| Further Adjusted EBITDA | | | \$349.9 |

(1) Financial results as reported for FY 2016 and Pro Forma FY 2016 do not include contribution for the first nine months from the TransCentra acquisition which closed on September 28, 2016.

Note:

- Net loss for the period January 1- July 12 is presented on the basis of the previous debt structure at the respective standalmpanies. As of July 12th, the existing debt structures at respective Exela entities have been replaced with a new capital structure consisting of \$350 Million Term Loan and \$1.0 Billion Senior Secured Notes.

- Combined merger adjustments represent operating cost reductions primarily related to the implementation of strategic actions and initiatives related to the business combination completed on July 12, 2017.

Exela Technologies Schedule 6: Further Adjusted EBITDA Reconciliation - 2017

| (\$ in millions) | As Reported FY 2017 | Novitex (Jan 1 - Jul 12) ⁽¹⁾ | Pro Forma FY 2017 |
|--|------------------------|---|----------------------|
| Net loss | (\$204.3) | (\$38.1) | (\$242.4) |
| Taxes | (60.2) | (6.9) | (67.2) |
| Interest expense | 128.5 | 24.9 | 153.4 |
| Depreciation and amortization | 98.9 | 20.6 | 119.5 |
| EBITDA | (\$37.2) | \$0.5 | (\$36.7) |
| Impairment of goodwill and other intangible assets | 69.4 | - | 69.4 |
| (Gain) / loss on extinguishment of debt | 35.5 | 17.5 | 53.0 |
| Optimization and restructuring expenses | 42.5 | 5.4 | 47.9 |
| Transaction and integration costs | 88.9 | 10.0 | 99.0 |
| Non-cash charges | 6.7 | - | 6.7 |
| New contract setup | - | 2.0 | 2.0 |
| Oversight and management Fees | 4.2 | 1.0 | 5.1 |
| (Gain) / loss on derivative instruments | (1.3) | - | (1.3) |
| Adjusted EBITDA | \$208.8 | \$36.4 | \$245.2 |
| Gain / (loss) on currency exchange | 2.3 | 0.1 | 2.4 |
| Combined merger adjustments | | | 99.2 |
| Further Adjusted EBITDA | | | \$346.8 |



(1) Represents financial performance of Novitex for a year-to-date period ending on the transaction closing date of July 12, 2017.

Note: - Net loss for the period January 1- July 12 is presented on the basis of the previous debt structure at the respective standalone companies. As of July 12th, the existing debt structures at respective Exela entities have been replaced with a new capital structure consisting of \$350 Million Term Loan and \$1.0 Billion Senior Secured Notes.

-Combined merger adjustments represent operating cost reductions primarily related to the implementation of strategic actions and initiatives related to the business combination completed on July 12, 2017.

Exela Technologies Schedule 7: Pro Forma Revenue and Capital Expenditures - 2016 and 2017

| (\$ in millions) | As Reported⁽¹⁾ | Novitex | Pro Forma |
|--------------------------------|----------------------------------|----------------|------------------|
| Revenue - FY 2017 | \$1,152.3 | \$304.0 | \$1,456.3 |
| Revenue - FY 2016 | \$789.9 | \$543.2 | \$1,333.1 |
| Revenue - Q3 2017 | \$338.4 | \$19.8 | \$358.2 |
| Revenue - Q4 2016 | \$212.4 | \$140.1 | \$352.5 |
| Capital expenditures - FY 2017 | \$33.3 | \$9.1 | \$42.4 |
| Capital expenditures - FY 2016 | \$35.6 | \$15.9 | \$51.5 |
| Capital expenditures - Q4 2016 | \$12.4 | \$3.0 | \$15.4 |

(1) Financial results for FY 2016 does not include contribution for the first nine months from the TransCentra acquisition which closed on September 28, 2016.



Exela Technologies

Schedule 8: Pro Forma Selling, general and administrative expenses (Incl. related party) - 2016 and 2017

Selling, general and administrative expenses (Incl related party)

(\$ in millions)

| | Q4 2016 | Q4 2017 | FY 2016 | FY 2017 |
|--|---------|---------|---------|---------|
| As Reported | | | | |
| Selling, general and administrative expenses | 35.1 | 48.3 | 130.4 | 221.0 |
| Related party expense | 3.1 | 1.7 | 10.5 | 33.4 |
| Total | 38.2 | 50.0 | 140.9 | 254.4 |
| Novitex | | | | |
| Selling, general and administrative expenses | 11.8 | | 49.8 | 34.8 |
| Related party expense | | | 0.1 | 0.3 |
| Total | 11.8 | | 49.9 | 35.1 |
| Pro forma | | | | |
| Selling, general and administrative expenses | 46.8 | 48.3 | 180.2 | 255.8 |
| Related party expense | 3.1 | 1.7 | 10.6 | 33.7 |
| Total | 49.9 | 50.0 | 190.8 | 289.5 |

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Source: Exela Technologies, Inc.