exela TECHNOLOGIES

Exela Technologies, Inc. Reports Preliminary Second Quarter 2021 Results

August 10, 2021

Revenue of \$293.0 million, net loss of \$19.4 million, and Adjusted EBITDA of \$50.9 million Reiterates 2021 financial guidance \$158 million liquidity ahead of plan Achieves over \$140 million reduction in net debt year-to-date SMB business showing robust growth globally Conference call scheduled for August 10, 2021 at 11:00 AM ET

Second Quarter 2021 Highlights:

- Revenue of \$293.0 million, a decline of 2.3% from Q1 2021
- Healthcare Solutions revenue increased ~10% and Legal and Loss Prevention Services revenue grew ~14% from Q1 2021
- Gross profit ⁽¹⁾ margin of 28.6%, an increase of ~720 basis points from Q2 2020 and ~620 basis points from Q1 2021
- Operating income of \$25.4 million, compared with operating loss of \$5.1 million in Q2 2020
- Net loss of \$19.4 million, compared with net loss of \$48.7 million in Q2 2020
- Gross Profit of \$83.9 million, an increase of 27% from \$65.9 million in Q2 2020
- EBITDA ⁽²⁾ of \$44.9 million, an increase of 133% from \$19.3 million in Q2 2020
- Adjusted EBITDA ⁽³⁾ of \$50.9 million, an increase of 18.0% from \$43.1 million in Q2 2020
- Small-and-Medium-Sized Business "SMB" business continues robust growth globally with DMR and DrySign solutions
- Positive operating leverage driven by from Work-from-Anywhere adoption and automation
- Strong financial flexibility with \$158 million liquidity position enabled by the \$224 million⁽⁴⁾ in gross proceeds from recent equity offerings yielding over \$140 million reduction in net debt⁽⁵⁾ year-to-date through August 6, 2021

IRVING, Texas, Aug. 10, 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 second quarter ended June 30, 2021.

"We generated strong margin expansion in the second quarter, which reflects our ongoing commitment to focus on our core businesses and drive operational improvement. We are pleased with the rapid growth of our digital solutions for the SMB market where we see significant opportunity for continued expansion. Finally, we are also pleased to report a \$158 million liquidity exceeding our liquidity targets announced in November 2019 while reducing our outstanding debt. Based on our second quarter results and the increased stability in our business, we reiterate our prior 2021 guidance," said Ronald Cogburn, Chief Executive Officer of Exela.

Second Quarter 2021 Financial Highlights

- Revenue: Revenue for Q2 2021 was \$293.0 million, a decline of 4.8% compared to \$307.7 million in Q2 2020. Revenue for the Information and Transaction Processing Solutions segment was \$217.3 million, a decline of 10.6% year-over-year, primarily due to lower volumes as a result of COVID-19 and transition revenue ⁽⁶⁾ roll off. Exela believes it is well positioned to see volumes return in the ITPS segment once COVID-19 impacts subside. Healthcare Solutions revenue was \$56.2 million, an increase of 14.3% year-over-year, primarily due to increased volumes driven by new statements of work, new customers and backlog from existing customers. Legal and Loss Prevention Services revenue was \$19.5 million, an increase of 25.9% year-over-year.
- Operating income / (loss): Operating income for Q2 2021 was \$25.4 million, compared with operating loss of \$5.1 million in Q2 2020. The year-over-year improvement in operating income was primarily attributable to higher gross profit, lower SG&A costs, and lower depreciation and amortization expenses.
- Net Loss: Net loss for Q2 2021 was \$19.4 million, compared with a net loss of \$48.7 million in Q2 2020, primarily due to increased operating income and lower interest expense.
- Adjusted EBITDA: Adjusted EBITDA for Q2 2021 was \$50.9 million, an increase of 18.0% compared to \$43.1 million in Q2 2020. Adjusted EBITDA margin for Q2 2021 was 17.4%, an increase of 336 basis points from 14.0% in Q2 2020 and 189 basis points from 15.5% in Q1 2021.
- Common Stock: As of June 30, 2021, there were 70,409,282 total shares of common stock outstanding and an additional

1,245,758 shares of common stock reserved for issuance for our outstanding preferred shares on an as-converted basis.

Second Quarter 2021 Business Highlights

Contract and product updates:

- Completed the commercial launch of DrySign in India on June 1, 2021, allowing businesses to sign documents from any internet connected device
- Launched Digital Mail Room ("DMR") on June 30, 2021 in the United Kingdom and launched in France and Germany in August 2020, facilitating continued global expansion
- Q2 2021 DrySign user growth of 144% and DMR customer growth of 99% from Q1 2021
- Expanded PCH Global Deployment for one of the world's largest specialty care services insurance companies, paving the way to connecting claims and correspondence from over 27,000 unique hospital systems and providers across the country

Operating leverage improvement continues:

- Completed four real estate facility closures in the second quarter, underscoring continued adoption of Exela's Work-From-Anywhere model
- Automation led efficiencies reduced employee count to approximately 18,000 as of June 30, 2021 from 18,400 as of March 31, 2021

Capital Expenditures: Capital expenditures for the second quarter of 2021 were 0.7% of revenue compared to 1.1% of revenue in the second quarter of 2020.

Balance Sheet and Liquidity⁽⁷⁾: As of June 30, 2021, Exela's liquidity was \$67.9 million. Exela's net debt at June 30, 2021 was \$1,477.2 billion (as determined in accordance with the Company's credit agreement). As of August 6, 2021 the Company's liquidity was approximately \$158 million including \$136 million of cash and cash equivalents.

Expanding financial flexibility: Raised a total of \$223.9 million in gross proceeds year to date through August 6, 2021 under three equity offerings. (4)

- As of August 6, 2021, and after giving effect to the shares sold in the equity offerings, there were 144,041,323 shares of common stock outstanding.
- 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 \$59.1 million of its term loans and senior secured notes for an aggregate purchase price of \$35.1 million since June 30, 2021.

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

2021 Guidance

- Revenue range \$1.25 billion to \$1.39 billion
- Gross profit margin of 23% to 25%
- Adjusted EBITDA margin 16% to 17%
- Capital expenditures in the range of 1% of revenue

Note: Guidance is based on constant-currency.

Preliminary Results; Notes

The financial results discussed herein are presented on a preliminary basis; final data will be included in Exela's Quarterly Report on Form 10-Q for the period ended June 30, 2021.

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 excludes from the measures.

(4) – The \$224 million gross equity proceeds include \$197 million of equity proceeds raised through the at-the-market sale of equity securities in the YTD period. The equity proceeds also include \$26.8 million from the private placement offering completed earlier this year in March 2021. Please refer to the equity capital raise related press release dated March 15, 2021 and Form 8-K dated March 19, 2021 for more details.

(5) – Net debt is calculated as the difference between the total debt outstanding (including \$1.0 billion of senior secured notes, \$355.1 million of term loans under the credit agreement dated July 12, 2017, \$83.5 million of revolving credit facility, \$21.8 million of capital leases and \$32.0 million of other debt) and the sum of \$59.1 million debt repurchased (but not retired following the quarter end) and \$136.0 million of consolidated cash balances as of August 6, 2021.

(6) – Transition revenue includes the exit of contracts and statements of work from certain customers that the Company believes are unpredictable, non-recurring, and were not a strategic fit to its long-term success or unlikely to achieve long-term target margins.

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

Earnings Conference Call and Audio Webcast

Exela will host a conference call to discuss its second quarter 2021 financial results at 11:00 a.m. ET on August 10, 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 August 17, 2021 at 877-344-7529 or +1-412-317-0088 (international). The replay passcode is 10159119.

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 (<u>www.exelatech.com</u>). A supplemental slide presentation that accompanies this call and webcast can be found on the investor relations website (<u>http://investors.exelatech.com/</u>) 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 18,400 employees operating in 23 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

Find out more at <u>www.exelatech.com</u>

To automatically receive Exela financial news by e-mail, please visit the Exela Investor Relations website, <u>http://investors.exelatech.com/</u>, 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", "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.

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

Investor and/or Media Contacts: Vincent Kondaveeti

E: <u>vincent.kondaveeti@exelatech.com</u> T: 929-620-1849

Mary Beth Benjamin E: IR@exelatech.com T: 646-277-1216

Source: Exela Technologies, Inc.

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

	(1	June 30, 2021 Unaudited)	De	ecember 31, 2020 (Audited)
Assets				
Current assets				
Cash and cash equivalents	\$	45,866	\$	68,221
Restricted cash		1,998		2,088
Accounts receivable, net of allowance for doubtful accounts of \$5,885 and \$5,647, respectively		201,929		206,868
Related party receivables and prepaid expenses		712		711
Inventories, net		15,130		14,314
Prepaid expenses and other current assets		25,822		31,091
Total current assets		291,457		323,293
Property, plant and equipment, net of accumulated depreciation of \$185,684 and \$193,760, respectively		76,520		87,851
Operating lease right-of-use assets, net		63,529		68,861
Goodwill		358,561		359,781
Intangible assets, net		268,525		292,664
Deferred income tax assets		6,643		6,606
Other noncurrent assets		25,420		18,723
Total assets	\$	1,090,655	\$	1,157,779
Liabilities and Stockholders' Equity (Deficit)				
Liabilities				
Current liabilities				
Accounts payable	\$	65,801	\$	76,027
Related party payables		489		97
Income tax payable		1,654		2,466
Accrued liabilities		111,713		126,399
Accrued compensation and benefits		63,417		63,467
Accrued interest		48,952		48,769
Customer deposits		15,269		21,277
Deferred revenue		20,935		16,377
Obligation for claim payment		25,562		29,328
Current portion of finance lease liabilities		9,960		12,231
Current portion of operating lease liabilities		17,096		18,349
Current portion of long-term debts		34,778		39,952
Total current liabilities		415,626		454,739
Long-term debt, net of current maturities		1,497,063		1,498,004
Finance lease liabilities, net of current portion		11,884		13,287
Pension liabilities, net		34,885		35,515

Deferred income tax liabilities	10,331	9,569
Long-term income tax liabilities	2,283	2,759
Operating lease liabilities, net of current portion	49,391	56,814
Other long-term liabilities	12,458	13,624
Total liabilities	2,033,921	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; 72,860,988 shares		

(26,069) (943,266)	(24,483) (926,532)
(26,069)	(24,483)
(17,306)	(17,064)
(8,763)	(7,419)
(1,448,605)	(1,390,038)
53,163	52,183
(10,949)	(10,949)
489,176	446,739
1	1
17	15
17	15
	(10,949) 53,163

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

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	
		2021	2020	 2021		2020
Revenue	\$	293,009	\$ 307,722	\$ 593,064	\$	673,173
Cost of revenue (exclusive of depreciation and amortization)		209,080	241,788	441,666		534,326
Selling, general and administrative expenses (exclusive of						
depreciation and amortization)		36,390	47,014	78,275		97,387
Depreciation and amortization		19,420	22,847	39,020		46,032
Related party expense		2,748	 1,146	 4,455		2,698
Operating profit (loss)		25,371	(5,073)	29,648		(7,270)
Other expense (income), net:						
Interest expense, net		42,867	44,440	85,999		86,028
Sundry expense (income), net		(787)	(899)	(573)		183
Other expense (income), net		651	 (584)	 803		(35,241)
Net loss before income taxes		(17,360)	(48,030)	(56,581)		(58,240)
Income tax benefit (expense)		(2,007)	(661)	(1,989)		(3,120)
Net loss	\$	(19,367)	\$ (48,691)	\$ (58,570)	\$	(61,360)
Cumulative dividends for Series A Preferred Stock		(798)	(858)	98		582
Net loss attributable to common stockholders	\$	(20,165)	\$ (49,549)	\$ (58,472)	\$	(60,778)
Loss per share:						
Basic and diluted	\$	(0.33)	\$ (1.01)	\$ (1.04)	\$	(1.24)

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

Cash flows from operating activities \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$ \$ (56,570) \$			2021		2020
Adjustments to recordine ratios 930.00 46.032 Original issue discount and debt issuance cost amortization 7.823 6.857 Provision for double laccounts 1.781 (110) Unrealized forging numery losses (44) (338) Unrealized forging numery losses (445) (980) Gain on sale of assets (238) (24,781) Brit value adjustment for interest rate swap (125) 440 Change in operating assets and lisbilities, not of effect from acquisitions 2.004 38.260 Accounts recorduate of assets (3447) (9,157) Accounts recorduate and accrued labilities (3447) (9,157) Additions to outsource contract costs (304) (23,116) Additions to internating astivities (45,990) (23,116) Cash flows from investing activities (45,990) (23,116) Cash flows from investing activities (860) (2,216) Cash flows from investing activities (866) 2,5740 Proceeds form issuance of Common Stock from private placement 25,065 - Proceeds from financing activities (66) 2,5740 -		¢	(59 570)	¢	(61.260)
Depresion and amottation 38.000 46.032 Original issue discuturia debit siguance cost amottization 7.829 6.857 Provision for doubtiful accounts 1.771 (110) Deferred income tax provision 1.781 (318) Stare-based compensation appense 980 1.782 Unrealized foreign currency losses (238) (248) (980) Sain on sel or assets (238) (247) (249) Change in operating assets and libilies, net of effect from acquisitions 2004 38.260 Accounts receivable (34.775) (8,812) Accounts receivable (34.775) (8,812) Additions to outsource contract costs (304) (2297) Net cash used in operating activities (35.766) (3.116) Proceeds from investing activities (45.990) (2.216) Cash paid for acquisition, net of cash nearbot differings 1.745 (3.500) Proceeds from insuance of Common Stock from private placement 2.5065 - Proceeds from insuance of Common Stock from private placement 2.5065 - Proce		Φ	(56,570)	φ	(01,300)
Original issue discourt and debt issuance cost amortization 7.829 6.857 Provision for doubled accourts 1.761 (110) Deformation for increase provision (41) (338) Share-based compensation expense (483) (947, 782) Unrealized forigin currency losses (443) (443) Gain on sale of assets (203) (24, 791) Entry able adjustment for interest rate swap (212) (440) Charge in operating assets and liabilities, and offed from acquisitions (204) (8, 812) Accourts representation accourts interviewable (204, 47, 910) (23, 116) Related party payables (34) (9, 157) Accourts represent and accourts interviewable (204) (207) Net cash used in operating astivities (45, 990) (23, 116) Cash flows from investing activities (45, 990) (23, 116) Cash flows from investing activities (460) (26, 20) Cash flows from investing activities (280) (2, 216) Cash flows from investing activities (280) (2, 216) Cash flows from financin			20.020		46.022
Provision for doubtiful accounts 1,781 (110) Deferred income tax provision (41) (338) Share-based compensation expense 980 1,782 Unrealized toreign currency losses (438) (438) Gain on side of assets (238) (34,791) Fair value adjustment for interest rate swap (238) (34,791) Change in operating assets and libitilises, net of effect from acquisitions 2,004 38,280 Accounts receivable 2,004 38,280 38,180 Propaid expenses and other assets (3,447) (8,172) 46,423 Additions to outsource contract costs (304) (297) Net ash used in operating activities (3,488) (5,766) Additions to intensity developed software (3,200) (2,216) Additions to intensity developed software (45,990) (2,216) Additions to intensity developed software (45,900) (2,216) Additions to intensity developed software (45,900) (2,216) Additions to intensity developed software (45,900) (5,500) Additions to	•		-		-
Deferred income tax provision (41) (33e) Share-based compensation expense 980 1,782 Share-based compensation expense (485) (680) Gain on sale of assets (238) (24,781) Brit value adjustment for interest rate swap (125) 4440 Change in operating assets and liabilities, net of effect from acquisitions 2,004 38,260 Accounts receivable 2,004 38,260 (8,812) Related party payables (3,447) (9,157) (8,812) Related party payables (3,447) (23,116) (23,116) Additions to outsource contract costs (3,289) (2,216) (24,590) Cash flows from investing activities (60) 26,740 (3,2500) Proceeds from issuance of Common Stock from private placement (2,30) (2,216) Cash paid for acquisition, net of cash received - (2,300) Proceeds from issuance of Common Stock from private placement (80,00) (66,114) Lease part of receively issuance costs from at the market offerings (14,107) (2,2040) Principal regaymen	-				-
Share-based compension expense9801,782Unrealized foreign currency losses(485)(680)Gain on sale of assets(233)(34,791)Fair value adjustment for interest rate swap(125)440Change in operating assets and liabilities, net of effect from acquisitions(34,477)(9,157)Accounts receivable2,00439,260Prepiid expenses and other assets(3,447)(9,157)Accounts payable and accrued liabilities(34,478)(42,190)Additions to outsource contract costs(304)(227)Net cash used in operating activities(359)(22,116)Cash flows from investing activities(364,980)(5,766)Additions to intenally developed software(3,690)(5,766)Additions to intenally developed software(3,690)(5,766)Additions to intenally developed software(3,690)(5,676)Additions to intenally developed software(3,690)(5,676)Additions to intenally developed software(3,690)(5,676)Additions to intenally developed software(3,690)(5,676)Additions to intenally developed software(3,690)(5,676)Addition issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from private placement(3,690)(6,614)Lease terminations(14,93)(14,930)(6,614)Lease terminations(5,600)(6,535)(14,200)Principal reguingment on financia gaze bilgalitions(5,600)			· · · · ·		· ,
Unnealized foreign currency losses (485) (680) Gain on sale of assets (239) (34,791) Prinvalue adjustment for interest rate swap (15) 440 Change in operating assets and liabilities, net of effect from acquisitions 2,004 38,260 Prepaid expenses and other assets (3,447) (9,157) Accounts receivable (3,447) (9,157) Accounts receivable (3,447) (9,157) Additions to unsource contract costs (304) (237) Net cash used in operating activities (45,900) (23,116) Cash flows from investing activities (3,498) (5,766) Purchase of property, plant and equipment (3,498) (5,766) Cash flows from investing activities (66) 22,740 Cash flows from financing activities (66) 22,740 Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Principal regovement on bor			. ,		. ,
Gain on sale of assets(238)(34,781)Fair value adjustment for interest rate swap(125)440Change in operating assets and liabilities, net of effect from acquisitions(125)440Accounts receivable2,00438,260Prepaid expenses and other assets(3,477)(8,812)Accounts payable and accrued liabilities(34,785)(8,812)Additions to outsource contract costs(304)(227)Net cash used in operating activities(45,990)(23,116)Cash flows from investing activities(42,990)(23,116)Cash flows from investing activities(42,990)(22,116)Cash flows from investing activities(42,990)(22,116)Cash flows from investing activities(42,990)(22,116)Cash flows from investing activities(42,990)(22,116)Cash flows from financing activities(42,990)(22,116)Proceeds from sale of assets4,22238,222Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activities(66,800)(61,11)Proceeds from issuance of Common Slock from private placement25,065-Proceeds from issuance of Common Slock from at the market offerings(11,81)-Cash paid for equity issuance costs(11,91)(331)(340)(23,750)Proceeds from issuance of Common Slock from at the market offerings(11,91)(331)Cash paid for debt issuance costs(19,020)(22,445)(74,262)Princip					
Fair value adjustment for interest rate swap (125) 440 Change in operating assets and liabilities, net of effect from acquisitions 2,004 38,260 Prepaid expenses and other assets (3,447) (9,157) Accounts previde and accrued liabilities (3,447) (9,157) Related party payables 391 (642) Additions to outsource contract costs (304) (237) Met cash used in operating activities (45.900) (23,116) Cash flows from investing activities (3,498) (5,766) Additions to internally developed software (3,400) (2,216) Cash provided by (used in) investing activities (65) 26,740 Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Principal repayment on borrowings under factoring arrangement and Securitization Facilities (68,080) (66,114) Lease terminations (174) (331) - -	• •		· · · ·		· ,
Change in operating assets and liabilities, net of effect from acquisitionsAccounts receivable2,00438,260Prepaid expenses and other assets(3,477)(9,157)Accounts payable and accrued liabilities(34,755)(8,812)Active payables331(42)Additions to outsource contract costs(304)(297)Net cash used in operating activities			, ,		
Accounts receivable 2,004 38,260 Prepaid expenses and other assets (3,447) (9,157) Accounts payable and accrucel liabilities (3,447) (8,157) Related party payables 391 (642) Additions to uotsource contract costs (304) (27) Net cash used in operating activities (45.990) (23,116) Cash flows from investing activities (3,498) (5,766) Additions to internally developed software (820) (2,216) Cash flows from investing activities (425) 39,222 Proceeds from sale of assets 4,252 39,222 Net cash provided by (used in) investing activities (66) 26,740 Cash flows from financing activities (745) - Proceeds from issuance of Common Stock from private placement 25,065 - Principal repayment on borrowings under factoring arrangement and Securitization Facilities (66,800) (68,114) Lease terminations (119) (331) - (12,708) Principal argayment on borrowings under factoring arrangement and Securitization Facilities (66,600)			(125)		440
Prepaid expenses and other assets(3,47)(9,157)Accounts payable and accrued liabilities(34,786)(6,812)Related party payables391(642)Additions to outsource contract costs(304)(297)Net cash used in operating activities(45,990)(23,116)Cash flows from investing activities(3,498)(5,768)Purchase of property, plant and equipment(3,498)(5,768)Additions to internally developed software(820)(2,216)Cash paid for acquisition, net of cash received-(3,500)Proceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings(18,118-Cash plaid for acquity issuance costs(19)(331)(3,30)Principal repayment on borowings under factoring arrangement and Securitization Facilities(66,098149,951Principal repayment on borowings under factoring facility(550)(6,533)Borrowings from secure costs(12,708)Principal repayments on secure devolving facility(55)(14,200)Borrowings from secure devolving facility(55)-Principal repayments on secure devolving facility(2,245)-Principal repayments on secure devolving facility(3,000)29,760Repayments on secure devolving facility(2,245)-Principal repayments on secure devolving facility(2,245)-Principal repayments on secure devolving facility(2,362)-			2 004		38 260
Accounts payable and accrued liabilities(34,785)(8,812)Related party payables391(642)Additions to uotsource contract costs(304)(287)Net cash used in operating activities(45.990)(23,116)Cash flows from investing activities(3,498)(5,766)Additions to internally developed software(320)(2,216)Cash paid for acquisition, net of cash received-(3,300)Proceeds from sus ale of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activities(66)26,740Proceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from private placement(25,065-Principal repayment on borrowings under factoring arrangement and Securitization Facilities(66,800)(66,114)Lease terminations(119)(331)-(12,708)Cash paid for activitig acrangement and Securitization Facilities(68,800)(2,975)Berrowings tonder factoring arrangement and Securitization Facilities(12,708)(12,708)Principal repayments on finance lease obligations(5,500)(23,248)Berrowings from server devolving facility3,00029,750Repayments on selior secured revolving facility3,00029,750Repayments on selior secured revolving facility(22,445)77,828Cash restricted cash, and cash equivalents(12,708)11Net decrease in cash and cash					-
Related party payables 331 (642) Additions to outsource contract costs (304) (237) Net cash used in operating activities (349) (5,766) Purchase of properly, plant and equipment (3,498) (5,766) Additions to internally developed software (820) (2,2116) Cash flows from investing activities (620) (2,216) Proceeds from sale of assets 4,252 38,222 Net cash provided by (used in) investing activities (60) 26,740 Cash flows from financing activities (60) 26,740 Proceeds from issuance of Common Stock from at the market offerings 18,118 - Cash plaid for equity issuance costs from at the market offerings (18,09) (6,114) Lease terminations (119) (331) - Principial repayment on borrowings under factoring arrangement and Securitization Facilities (68,800) (66,114) Lease terminations (119) (331) - Principial repayments on senior secured terwolving facility 3,000 29,750 Repayments on senior secured terwolving facility (55) (14,200) Borrowings torm other loans			()		. ,
Additions to outsource contract costs (304) (227) Net cash used in operating activities (44,990) (23,116) Cash flows from investing activities (820) (2,216) Purchase of property, plant and equipment (3,498) (5,766) Additions to internally developed software (820) (2,216) Cash paid for acquisition, net of cash received - (3,500) Proceeds from issuance of common Stock from private placement 25,065 - Proceeds from issuance of Common Stock from private placement 25,065 - Proceeds from issuance costs from the market offerings (18,118 - Cash paid for equity issuance costs from at the market offerings (745) - Borrowings under factoring arrangement and Securitization Facilities 66,098 149,951 Principal repayment to horrowings under factoring arrangement and Securitization Facilities (5600) (6,378) Principal payments on finance lease obligations (5600) (23,248) (745) Principal payments on serior secured revolving facility 3,000 29,750 Repayments on serior secured revolving facility (3,000) 29,750 Repayments on serior secured revolving facility			. ,		. ,
Net cash used in operating activities(45,990)(23,116)Cash flows from investing activities(3,498)(5,766)Additions to internally developed software(3,498)(5,766)Additions to internally developed software(3,498)(2,216)Cash paid for acquisition, net of cash received- (3,500)(2,216)Proceeds from sale of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Proceeds from iisuance of Common Stock from private placement25,065-Proceeds from iisuance of Common Stock from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities(66,800)(66,114)Lease terminations(119)(331)(331)Cash provided by (used revolving facility3,00029,750(655)Principal payments on finance lease obligations(5,600)(6,353)(14,200)Borrowings from senior secured revolving facility(55)(14,200)(23,445)77,828Principal repayments on senior secured revolving facility(20,445)11,9914,099Borrowings term cleans and other loans(16,176)(22,940)14,093Internet tash provided by financing activities(23,66274,20314,093Effect of exchange rates on cash(51)111Net decrease in cash and cash equivalents(21,445)77,82814,093End of period\$ 1,994\$ 1,33914,09914,099Beginning of per					
Cash flows from investing activities Purchase of property, plant and equipment (3,498) (5,766) Additions to internally developed software (3,500) (2,216) (3,500) Cash paid for acquisition, net of cash received - (3,500) (2,216) Proceeds from issuance of common Stock from private placement 25,065 - (660) 26,740 Cash paid for equip issuance of Common Stock from private placement 25,065 - - (1,745) - Proceeds from issuance of Common Stock from private placement 25,066 - (66,088 144,955 - Borrowings under factoring arrangement and Securitization Facilities (66,088 144,955 - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,708) - (12,706)<			, ,		
Purchase of property, plant and equipment(3,498)(5,766)Additions to internally developed software(820)(2,216)Cash paid for acquisition, net of cash received-(3,500)Proceeds from sale of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Cash paid for missuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings18,118-Cash paid for equity issuance costs from at the market offerings(745)-Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)(331)Cash paid for debt issuance costs(119)(332)(14,200)Principal repayments on finance lease obligations(5,500)(6,55)(14,200)Borrowings from senior secured revolving facility3,00029,750(29,400)Net cash provided by financing activities23,66274,203(24,203)Effect of exchange rates on cash(51)11Net decrease in cash and cash equivalents75,13676,78177,828Cash, provided by financing activities*47,76491,992,785Cash, restricted cash, and cash equivalents7,51,3676,78176,781Noncash Investing and financing activities*14,99914,999End of period70,30914,09914,09914,099End of period75,36 </td <td>Net cash used in operating activities</td> <td></td> <td>(45,990)</td> <td></td> <td>(23,116)</td>	Net cash used in operating activities		(45,990)		(23,116)
Additions to internally developed software(820)(2,216)Cash paid for acquisition, net of cash received-(3,500)Proceeds from asle of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activities(66)26,740Proceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings18,118-Cash paid for equity issuance costs from at the market offerings(66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)-(12,706)Cash paid for debt issuance costs-(12,706)(22,466)Principal payments on finance lease obligations(5,500)(6,533)(6,533)Borrowings from other leans(18,076)(22,040)(22,040)Net cash provided by financing activities23,66274,203(24,040)Principal repayments on senior secured term leans and other leans(51)11Net cash provided by financing activities23,66274,203(22,040)Effect of exchange rates on cash(51)111Net derease in cash and cash equivalents(51)11Net derease in cash and cash equivalents(51,99)77,828(23,454)91,927Supplemental cash flow data:75,13676,781	-				
Cash paid for acquisition, net of cash received(3,500)Proceeds from sale of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activities(66)26,740Proceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings18,118-Cash paid for equity issuance costs from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(6,8,000)(6,614)Lease terminations(119)(331)(331)Cash paid for debt issuance costs-(12,708)(12,708)Principal repayments on finance lease obligations(5,600)(6,353)(6,6353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured term loans and other loans(18,076)(22,040)Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents(5,781)14,099End of period\$1,994\$End of period\$1,994\$Incerne tax payments, net of refunds received\$1,994\$Interest paid76,78176,781Norcash investing and financing activities:21,59 </td <td>Purchase of property, plant and equipment</td> <td></td> <td>(3,498)</td> <td></td> <td>(5,766)</td>	Purchase of property, plant and equipment		(3,498)		(5,766)
Proceeds from sale of assets4,25238,222Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activitiesProceeds from issuance of Common Stock from private placement25,065Proceeds from issuance of Common Stock from at the market offerings(745)-Cash paid for equity issuance costs from at the market offerings(745)-Derrowings under factoring arrangement and Securitization Facilities(66,988149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Orab paid for debt issuance costs-(12,708)Principal payments on senior secured revolving facility3,00029,750Repayments on senior secured terw loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)11Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,0991,339End of period70,30914,0991,339End of period51,944\$1,339Interest paid75,13676,781Noncash investing and financing activities:Asstricted cash, and cash equivalents2,159772Lagesheid inprovements funded by lessor125-Supplemental cash flow data:2,159772Income tax payments, net of	Additions to internally developed software		(820)		(2,216)
Net cash provided by (used in) investing activities(66)26,740Cash flows from financing activitiesProceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings18,118-Cash paid for equity issuance costs from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities(66,800)(66,114)Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(18,076)(29,040)Net decrease in cash and cash equivalents(61)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents(21,445)77,828Cash, restricted cash, and cash equivalents(21,494)3,039End of period\$1,9941,339Income tax payments, net of refunds received\$1,9941,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Cash paid for acquisition, net of cash received		-		(3,500)
Cash flows from financing activities25,065Proceeds from issuance of Common Stock from private placement25,065Proceeds from issuance of Common Stock from at the market offerings18,118Cash paid for equity issuance costs from at the market offerings(745)Derrowings under factoring arrangement and Securitization Facilities66,098Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)Lease terminations(119)Cash paid for debt issuance costs-Principal payments on finance lease obligations(5,600)Borrowings from senior secured revolving facility3,000Principal repayments on senior secured term loans and other loans(18,076)Derowings from other loans(21,400)Borrowings from other loans(14,200)Borrowings from other loans(14,200)Derowings from other loans(14,200)Derowings from other loans(22,040)Net cash provided by financing activities23,662Effect of exchange rates on cash(11)Net decrease in cash and cash equivalents(22,445)Derowing of period70,309End of period\$Income tax payments, net of refunds received\$Interest paid75,136Nocesh investing and financing activities:Assets acquired through right-of-use arrangements2,159Interest paid75,136Nocesh investing and financing activities:Assets acquired through right-of-use arrangements2,159Leasehold imp	Proceeds from sale of assets		4,252		38,222
Proceeds from issuance of Common Stock from private placement25,065-Proceeds from issuance of Common Stock from at the market offerings18,118-Cash paid for equity issuance costs from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents(22,445)77,828Beginning of period70,30914,099End of period\$1,994\$Income tax payments, net of refunds received\$1,994\$Incerest paid75,13676,781Noncash investing and financing activities:2,159772Leasehol dimprovements funded by lessor125-Settlement gain on related pary payable to Ex-Sigma 2-1,287	Net cash provided by (used in) investing activities		(66)		26,740
Proceeds from issuance of Common Stock from at the market offerings18,118Cash paid for equity issuance costs from at the market offerings(745)Borrowings under factoring arrangement and Securitization Facilities66,098Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)Lease terminations(119)Cash paid for debt issuance costs-Principal payments on finance lease obligations(5,600)Borrowings from senior secured revolving facility3,000Repayments on senior secured revolving facility(55)Borrowings from other loans(18,076)Principal repayments on senior secured term loans and other loans(18,076)Principal repayments on senior secured term loans and other loans(18,076)Net decrease in cash and cash equivalents(22,445)Beginning of period70,309End of period70,309End of period19,994Income tax payments, net of refunds received\$ 1,994Nocash investing and financing activities:Assets acquired through right-of-use arrangements2,159Arras772Leasehold improvements funded by lessor125Settlement gain on related party payable to Ex-Sigma 2-	Cash flows from financing activities				
Cash paid for equity issuance costs from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(651)1Net decrease in cash and cash equivalents(22,445)77,828Beginning of period70,30914,099End of period70,30914,099End of period75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:21,597772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Proceeds from issuance of Common Stock from private placement		25,065		-
Cash paid for equity issuance costs from at the market offerings(745)-Borrowings under factoring arrangement and Securitization Facilities66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(651)1Net decrease in cash and cash equivalents(22,445)77,828Beginning of period70,30914,099End of period70,30914,099End of period75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:21,597772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Proceeds from issuance of Common Stock from at the market offerings		18,118		-
Borrowings under factoring arrangement and Securitization Facilities66,098149,951Principal repayment on borrowings under factoring arrangement and Securitization Facilities(68,800)(66,114)Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,099End of period75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:21,652-772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Cash paid for equity issuance costs from at the market offerings		(745)		-
Lease terminations(119)(331)Cash paid for debt issuance costs-(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(51)1Reginning of period70,30914,099End of period70,30914,099End of period\$1,994\$Supplemental cash flow data:75,13676,781Noncash investing and financing activities:75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287			66,098		149,951
Cash paid for debt issuance costs(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(12,745)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,099End of period\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Principal repayment on borrowings under factoring arrangement and Securitization Facilities		(68,800)		(66,114)
Cash paid for debt issuance costs(12,708)Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities(21,420)1Retrease in cash and cash equivalents(51)1Cash, restricted cash, and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,0991,339Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,78176,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 21,287			. ,		,
Principal payments on finance lease obligations(5,600)(6,353)Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents20,30914,099End of period70,30914,099End of period70,30914,099Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Cash paid for debt issuance costs		· · ·		. ,
Borrowings from senior secured revolving facility3,00029,750Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(51)1Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,099End of period\$1,9941,339Income tax payments, net of refunds received\$1,994\$Interest paid75,13676,78176,781Noncash investing and financing activities:2,159772125Leasehold improvements funded by lessor125-5ettlement gain on related party payable to Ex-Sigma 2-Settlement gain on related party payable to Ex-Sigma 2-1,2871,287	•		(5,600)		
Repayments on senior secured revolving facility(55)(14,200)Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,099End of period\$ 1,994\$ 1,339Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	Borrowings from senior secured revolving facility		. ,		. ,
Borrowings from other loans4,77623,248Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(51)1Cash, restricted cash, and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099End of period70,30914,099End of period\$ 47,86491,927Supplemental cash flow data:1,339Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287			-		-
Principal repayments on senior secured term loans and other loans(18,076)(29,040)Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099Beginning of period70,30914,099End of period70,30914,099Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287			. ,		. ,
Net cash provided by financing activities23,66274,203Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099Beginning of period70,30914,099End of period\$ 47,864\$ 91,927Supplemental cash flow data:76,78176,781Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	-				
Effect of exchange rates on cash(51)1Net decrease in cash and cash equivalents(22,445)77,828Cash, restricted cash, and cash equivalents70,30914,099Beginning of period70,30914,099End of period\$ 47,864\$ 91,927Supplemental cash flow data:11Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287					<u> </u>
Net decrease in cash and cash equivalents77,828Cash, restricted cash, and cash equivalents70,30914,099Beginning of period70,30914,099End of period\$ 47,864\$ 91,927Supplemental cash flow data: Income tax payments, net of refunds received Interest paid1,994\$ 1,339Noncash investing and financing activities: Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287					
Cash, restricted cash, and cash equivalents70,30914,099Beginning of period70,30914,099End of period\$ 47,864\$ 91,927Supplemental cash flow data:Income tax payments, net of refunds received\$ 1,994\$ 1,339Interest paid75,13676,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287	-				
Beginning of period70,30914,099End of period\$47,864\$91,927Supplemental cash flow data:Income tax payments, net of refunds received\$1,994\$1,339Interest paid75,13676,78176,781Noncash investing and financing activities:2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287			(12,440)		11,020
End of period\$47,864\$91,927Supplemental cash flow data: Income tax payments, net of refunds received Interest paid\$1,994\$1,339Interest paid75,13676,78176,781Noncash investing and financing activities: Assets acquired through right-of-use arrangements Leasehold improvements funded by lessor2,159772Settlement gain on related party payable to Ex-Sigma 2-1,287			70,309		14 099
Income tax payments, net of refunds received\$1,994\$1,339Interest paid75,13676,781Noncash investing and financing activities:72Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor1251287Settlement gain on related party payable to Ex-Sigma 21,287		\$		\$	
Income tax payments, net of refunds received\$1,994\$1,339Interest paid75,13676,781Noncash investing and financing activities:72Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor1251287Settlement gain on related party payable to Ex-Sigma 21,287	Supplemental cash flow data:				
Interest paid75,13676,781Noncash investing and financing activities:7Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287		¢	1 004	¢	1 220
Noncash investing and financing activities:2,159772Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287		Φ		φ	-
Assets acquired through right-of-use arrangements2,159772Leasehold improvements funded by lessor125-Settlement gain on related party payable to Ex-Sigma 2-1,287			75,136		10,181
Leasehold improvements funded by lessor125Settlement gain on related party payable to Ex-Sigma 2-1,287			0.450		
Settlement gain on related party payable to Ex-Sigma 2 - 1,287					(12
			125		-
Accrued capital expenditures 1,505 1,088			-		
	Accided capital experionales		1,505		1,088

Exela Technologies Schedule 1: Second Quarter 2021 vs. Second Quarter 2020 and First Half 2021 vs. First Half 2020 Financial Performance (UNAUDITED)

\$ in millions	Q2'21	Q2'20	H1'21	H1'20
Information and Transaction Processing Solutions	217.3	243.0	449.2	527.1
Healthcare Solutions	56.2	49.2	107.3	113.2
Legal and Loss Prevention Services	19.5	15.5	36.6	32.8
Total Revenue	293.0	307.7	593.1	673.2
% change	-5%	-21%	-12%	
Cost of revenue (exclusive of depreciation and amortization)	209.1	241.8	441.7	534.3
Gross profit	83.9	65.9	151.4	138.8
as a % of revenue	29%	21%	26%	21%
SG&A	36.4	47.0	78.3	97.4
Depreciation and amortization	19.4	22.8	39.0	46.0
Related party expense	2.7	1.1	4.5	2.7
Operating (loss) income	25.4	(5.1)	29.6	(7.3)
as a % of revenue	9%	-2%	5%	-1%
Interest expense, net	42.9	44.4	86.0	86.0
Sundry expense (income) & Other income, net	(0.1)	(1.5)	0.2	(35.1)
Net loss before income taxes	(17.4)	(48.0)	(56.6)	(58.2)
Income tax expense (benefit)	2.0	0.7	2.0	3.1
Net income (loss)	(19.4)	(48.7)	(58.6)	(61.4)
as a % of revenue	-7%	-16%	-10%	-9 %
Depreciation and amortization	19.4	22.8	39.0	46.0
Interest expense, net	42.9	44.4	86.0	86.0
Income tax expense (benefit)	2.0	0.7	2.0	3.1
EBITDA	44.9	19.3	68.4	73.8
as a % of revenue	15%	6%	12%	11%
EBITDA Adjustments				
1 Gain / loss on derivative instruments	-	(0.4)	(0.1)	0.4
2 Non-Cash and Other Charges	(0.3)	7.8	12.8	(20.8)
3 Transaction and integration costs	1.4	4.8	6.0	9.2
Sub-Total (Adj. EBITDA before O&R)	46.0	31.4	87.1	62.7
4 Optimization and restructuring expenses	4.9	11.7	10.3	24.9
Adjusted EBITDA	50.9	43.1	97.4	87.5
as a % of revenue	17%	14%	16%	13%

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

Non-GAAP constant currency revenue reconciliation

	Three months ended			Six months ended		
(\$ in millions)	30-Jun-21	30-Jun-20	31-Mar-21	30-Jun-21	30-Jun-20	
Revenues, as reported (GAAP)	\$293.0	\$307.7	\$300.1	\$593.1	\$673.2	
Foreign currency exchange impact ⁽¹⁾	(5.5)		(5.1)	(10.6)		
Revenues, at constant currency (Non-GAAP)	\$287.5	\$307.7	\$294.9	\$582.5	\$673.2	

(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 June 30, 2020, to the revenues during the corresponding period in 2021.

Reconciliation of Adjusted EBITDA					
	Th	ree months ende	d	Six month	is ended
(\$ in millions)	30-Jun-21	30-Jun-20	31-Mar-21	30-Jun-21	30-Jun-20
Net loss (GAAP)	(\$19.4)	(\$48.7)	(\$39.2)	(\$58.6)	(\$61.4)

Interest expense	42.9	44.4	43.1	86.0	86.0
Taxes	2.0	0.7	(0.0)	2.0	3.1
Depreciation and amortization	19.4	22.8	19.6	39.0	46.0
EBITDA (Non-GAAP)	\$44.9	\$19.3	\$23.5	\$68.4	\$73.8
Transaction and integration costs	1.4	4.8	4.6	6.0	9.2
Gain / loss on derivative instruments	-	(0.4)	(0.1)	(0.1)	0.4
Other Charges	(0.3)	7.8	13.1	12.8	(20.8)
Sub-Total (Adj. EBITDA before O&R)	\$46.0	\$31.4	\$41.1	\$87.1	\$62.7
Optimization and restructuring expenses	4.9	11.7	5.4	10.3	24.9
Adjusted EBITDA (Non-GAAP)	\$50.9	\$43.1	\$46.5	\$97.4	\$87.5

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

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

	Th	ree months end	ed	Six months end		
(\$ in millions)	30-Jun-21	30-Jun-20	31-Mar-21	30-Jun-21	30-Jun-20	
Revenues, as reported (GAAP)	\$293.0	\$307.7	\$300.1	\$593.1	\$673.2	
(-) Postage & postage handling	52.8	55.2	59.3	112.2	125.0	
Revenue - Net of pass through (Non-GAAP)	\$240.2	\$252.5	\$240.7	\$480.9	\$548.2	
Revenue growth %	(4.9%)			(12.3%)		
Adjusted EBITDA (Non-GAAP)	\$50.9	\$43.1	\$46.5	\$97.4	\$87.5	
Adjusted EBITDA margin	21.2%	17.1%	19.3%	20.2%	16.0%	



Source: Exela Technologies, Inc.