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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-36788

EXELA TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State of or other Jurisdiction Incorporation or Organization)	**47-1347291** (I.R.S. Employer Identification No.)
2701 E. Grauwyler Rd. **Irving, TX** (Address of Principal Executive Offices)	**75061** (Zip Code)

Registrant's Telephone Number, Including Area Code: **(844) 935-2832**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, Par Value $0.0001 per share	XELA	The Nasdaq Stock Market LLC
6.00% Series B Cumulative Convertible Perpetual Preferred Stock, par value $0.0001 per share	XELAP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-Accelerated Filer ☐	Smaller Reporting Company ☒
	Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 9, 2022, the registrant had 484,557,092 shares of Common Stock outstanding.

Exela Technologies, Inc.

Form 10-Q

For the quarterly period ended March 31, 2022

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PART I—FINANCIAL INFORMATION

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of March 31, 2022 and December 31, 2021
(in thousands of United States dollars except share and per share amounts)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 38,263	$ 20,775
Restricted cash	43,712	27,285
Accounts receivable, net of allowance for doubtful accounts of $6,065 and $6,049, respectively	189,585	184,102
Related party receivables and prepaid expenses	719	715
Inventories, net	16,011	15,215
Prepaid expenses and other current assets	34,253	31,799
Total current assets	**322,543**	**279,891**
Property, plant and equipment, net of accumulated depreciation of $200,680 and $196,683, respectively	74,726	73,449
Operating lease right-of-use assets, net	51,326	53,937
Goodwill	358,211	358,323
Intangible assets, net	233,695	244,539
Deferred income tax assets	1,986	2,109
Other noncurrent assets	28,916	24,775
Total assets	$ **1,071,403**	$ **1,037,023**
Liabilities and Stockholders' Equity (Deficit)		
Liabilities		
Current liabilities		
Accounts payable	$ 63,953	$ 61,744
Related party payables	1,475	1,484
Income tax payable	4,447	3,551
Accrued liabilities	95,106	113,519
Accrued compensation and benefits	57,164	60,860
Accrued interest	34,793	10,075
Customer deposits	16,780	17,707
Deferred revenue	18,192	16,617
Obligation for claim payment	62,886	46,902
Current portion of finance lease liabilities	6,148	6,683
Current portion of operating lease liabilities	15,352	15,923
Current portion of long-term debts	138,664	144,828
Total current liabilities	**514,960**	**499,893**
Long-term debt, net of current maturities	1,068,873	1,104,399
Finance lease liabilities, net of current portion	8,161	9,156
Pension liabilities, net	27,128	28,383
Deferred income tax liabilities	12,238	11,594
Long-term income tax liabilities	3,189	3,201
Operating lease liabilities, net of current portion	38,779	41,170
Other long-term liabilities	5,373	5,999
Total liabilities	**1,678,701**	**1,703,795**
Commitments and Contingencies (Note 8)		
Stockholders' equity (deficit)		
Common Stock, par value of $0.0001 per share; 1,600,000,000 shares authorized; 487,008,798 shares issued and 484,557,092 shares outstanding at March 31, 2022 and 267,646,667 shares issued and 265,194,961 shares outstanding at December 31, 2021	59	37
Preferred stock, $0.0001 par value per share, 20,000,000 shares authorized at March 31, 2022 and December 31, 2021, respectively		
Series A Preferred Stock, 2,778,111 shares issued and outstanding at March 31, 2022 and December 31, 2021	1	1
Series B Preferred Stock, 900,328 shares issued and outstanding at March 31, 2022 and 0 shares issued and outstanding at December 31, 2021	—	—
Additional paid in capital	953,364	838,853
Less: Common Stock held in treasury, at cost; 2,451,706 shares at March 31, 2022 and December 31, 2021	(10,949)	(10,949)
Equity-based compensation	56,235	56,123
Accumulated deficit	(1,589,384)	(1,532,428)
Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(5,986)	(7,463)
Unrealized pension actuarial losses, net of tax	(10,638)	(10,946)
Total accumulated other comprehensive loss	(16,624)	(18,409)
Total stockholders' deficit	**(607,298)**	**(666,772)**
Total liabilities and stockholders' deficit	$ **1,071,403**	$ **1,037,023**

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

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
For the three months ended March 31, 2022 and 2021
(in thousands of United States dollars except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Revenue	$ 279,398	$ 300,056
Cost of revenue (exclusive of depreciation and amortization)	223,504	232,587
Selling, general and administrative expenses (exclusive of depreciation and amortization)	43,040	41,885
Depreciation and amortization	18,212	19,599
Related party expense	1,987	1,707
Operating profit (loss)	(7,345)	4,278
Other expense (income), net:		
Interest expense, net	39,760	43,131
Debt modification and extinguishment costs (gain), net	884	—
Sundry expense, net	307	213
Other expense, net	6,159	152
Net loss before income taxes	(54,455)	(39,218)
Income tax benefit (expense)	(2,501)	18
Net loss	**$** (56,956)	$ (39,200)
Cumulative dividends for Series A Preferred Stock	(864)	896
Cumulative dividends for Series B Preferred Stock	(75)	—
Net loss attributable to common stockholders	**$** (57,895)	$ (38,304)
Loss per share:		
Basic and diluted	$ (0.17)	$ (0.76)

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

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
For the three months ended March 31, 2022 and 2021
(in thousands of United States dollars except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net loss	$ (56,956)	$ (39,200)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	1,477	100
Unrealized pension actuarial gains (losses), net of tax	308	(157)
Total other comprehensive loss, net of tax	$ (55,171)	$ (39,257)

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

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Deficit
For the three months ended March 31, 2022 and 2021
(in thousands of United States dollars except share and per share amounts)
(Unaudited)

	Common Stock		Series A Preferred Stock		Series B Preferred Stock		Treasury Stock		Additional	Equity-Based	Accumulated Other Comprehensive Loss		Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid in Capital	Compensation	Foreign Currency Translation Adjustment	Unrealized Pension Actuarial Losses, net of tax	Deficit	Deficit
Balances at January 1, 2021	**49,242,225**	**$ 15**	**3,290,050**	**$ 1**	**—**	**$ —**	**2,451,706**	**$(10,949)**	**$ 446,739**	**$ 52,183**	**$ (7,419)**	**$ (17,064)**	**$ (1,390,038)**	**$ (926,532)**
Net loss January 1 to March 31, 2021	—	—	—	—	—	—	—	—	—	—	—	—	(39,200)	(39,200)
Equity-based compensation	—	—	—	—	—	—	—	—	—	387	—	—	—	387
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	100	—	—	100
Net realized pension actuarial gains, net of tax	—	—	—	—	—	—	—	—	—	—	—	(157)	—	(157)
Preferred shares converted to Common Stock	223,413	—	(510,681)	—	—	—	—	—	—	—	—	—	—	—
Payment for fractional shares on Reverse Stock Split	(5,445)	—	—	—	—	—	—	—	(14)	—	—	—	—	(14)
Issuance of Common Stock	9,731,819	1	—	—	—	—	—	—	25,079	—	—	—	—	25,080
Balances at March 31, 2021	**59,192,012**	**$ 16**	**2,779,369**	**$ 1**	**—**	**$ —**	**2,451,706**	**$ (10,949)**	**$ 471,804**	**$ 52,570**	**$ (7,319)**	**$ (17,221)**	**$ (1,429,238)**	**$ (940,336)**

	Common Stock		Series A Preferred Stock		Series B Preferred Stock		Treasury Stock		Additional	Equity-Based	Accumulated Other Comprehensive Loss			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid in Capital	Compensation	Foreign Currency Translation Adjustment	Unrealized Pension Actuarial Losses, net of tax	Accumulated Deficit	Total Stockholders Deficit
Balances at January 1, 2022	**265,194,961**	**$ 37**	**2,778,111**	**$ 1**	**—**	**$ —**	**2,451,706**	**$(10,949)**	**$ 838,853**	**$ 56,123**	**$ (7,463)**	**$ (10,946)**	**$ (1,532,428)**	**$ (666,772**
Net loss January 1 to March 31, 2022	—	—	—	—	—	—	—	—	—	—	—	—	(56,956)	(56,956
Equity-based compensation	—	—	—	—	—	—	—	—	—	302	—	—	—	302
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	1,477	—	—	1,477
Net realized pension actuarial gains, net of tax	—	—	—	—	—	—	—	—	—	—	—	308	—	308
Common Stock exchanged for Series B Preferred Stock	(18,006,560)	(2)	—	—	900,328	—	—	—	2	—	—	—	—	—
Issuance of Common Stock from at the market offerings, net of offering costs	236,281,501	24	—	—	—	—	—	—	114,509	—	—	—	—	114,533
Withholding of employee taxes on vested RSUs	—	—	—	—	—	—	—	—	—	(190)	—	—	—	(190
Common Stock issued for vested RSUs	1,087,190	—	—	—	—	—	—	—	—	—	—	—	—	—
Balances at March 31, 2022	**484,557,092**	**$ 59**	**2,778,111**	**$ 1**	**900,328**	**$ —**	**2,451,706**	**$ (10,949)**	**$ 953,364**	**$ 56,235**	**$ (5,986)**	**$ (10,638)**	**$ (1,589,384)**	**$ (607,298**

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

Exela Technologies, Inc. and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the three months ended March 31, 2022 and 2021
(in thousands of United States dollars except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities		
Net loss	$ (56,956)	$ (39,200)
Adjustments to reconcile net loss		
Depreciation and amortization	18,212	19,599
Original issue discount and debt issuance cost amortization	3,531	3,840
Debt modification and extinguishment costs (gain), net	196	—
Provision for doubtful accounts	61	50
Deferred income tax provision	635	(297)
Share-based compensation expense	308	387
Unrealized foreign currency losses	(180)	(159)
Loss (Gain) on sale of assets	(41)	29
Fair value adjustment for interest rate swap	—	(125)
Change in operating assets and liabilities, net of effect from acquisitions		
Accounts receivable	(6,146)	(11,248)
Prepaid expenses and other assets	(8,858)	(5,895)
Accounts payable and accrued liabilities	5,345	(30,787)
Related party payables	(12)	37
Additions to outsource contract costs	(140)	(156)
Net cash used in operating activities	**(44,045)**	**(63,925)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,728)	(1,609)
Additions to patents	(25)	—
Additions to internally developed software	(829)	(672)
Proceeds from sale of assets	175	—
Net cash used in investing activities	**(8,407)**	**(2,281)**
Cash flows from financing activities		
Proceeds from issuance of Common Stock from private placement	—	25,065
Proceeds from issuance of Common Stock from at the market offerings	119,196	—
Cash paid for equity issuance costs from at the market offerings	(4,664)	—
Borrowings under factoring arrangement and Securitization Facility	35,837	32,432
Principal repayment on borrowings under factoring arrangement and Securitization Facility	(34,144)	(31,533)
Cash paid for withholding taxes on vested RSUs	(195)	—
Lease terminations	(15)	(16)
Cash paid for debt issuance costs	(5,615)	—
Principal payments on finance lease obligations	(1,516)	(3,029)
Borrowings from senior secured revolving facility	—	3,000
Repayments on senior secured revolving facility	(49,477)	—
Proceeds from issuance of 2026 Notes	55,364	—
Borrowings from other loans	1,865	1,959
Repayment of BRCC term loan	(22,675)	—
Principal repayments on senior secured term loans and other loans	(7,544)	(8,142)
Net cash provided by financing activities	**86,417**	**19,736**
Effect of exchange rates on cash	(50)	(101)
Net increase (decrease) in cash and cash equivalents	**33,915**	**(46,571)**
Cash, restricted cash, and cash equivalents		
Beginning of period	48,060	70,309
End of period	$ 81,975	$ 23,738
Supplemental cash flow data:		
Income tax payments, net of refunds received	$ 1,486	$ 1,510
Interest paid	9,941	62,510
Noncash investing and financing activities:		
Assets acquired through right-of-use arrangements	50	220
Accrued capital expenditures	1,483	1,617

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

Exela Technologies, Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
(in thousands of United States dollars except share and per share amounts or unless otherwise noted)
(Unaudited)

1. General

These condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements as of and for the year ended December 31, 2021 included in the Exela Technologies, Inc. (the "Company," "Exela," "we," "our" or "us") annual report on Form 10-K for such period (the “2021 Form 10-K”).

The accompanying condensed consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America ("GAAP") and with the instructions to Form 10-Q and Rule 10-01 of Securities and Exchange Commission ("SEC") Regulation S-X as they apply to interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. These accounting principles require us to use estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from our estimates.

The condensed consolidated financial statements are unaudited, but in our opinion include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim period. The interim financial results are not necessarily indicative of results that may be expected for any other interim period or the fiscal year.

Going Concern

Under ASC Subtopic 205-40, *Presentation of Financial Statements—Going Concern* (“ASC 205-40”), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its obligations as they become due within one year after the date that the financial statements are issued. As required under ASC 205-40, management’s evaluation should initially not take into consideration the potential mitigating effects of management’s plans that have not been fully implemented as of the date the financial statements are issued. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

In performing this evaluation, we concluded that under the standards of ASC 205-40 the following conditions raised substantial doubt about our ability to continue as a going concern: a history of net losses, net operating cash outflows, working capital deficits and significant cash payments for interest on our long-term debt. The Company also has cash obligations related to the remaining payments for the Appraisal Action (described in Note 8) and the guarantee in the form of a true-up mechanism related to the Exchange Notes issued in connection with the Revolver Exchange (described in Note 5). Management considered the Company’s current financial condition and liquidity sources, including current funds available, forecasted future cash flows and the Company’s obligations due before May 10, 2023. As required under ASC 205-40, management’s evaluation does not take into consideration the potential mitigating effect of management’s plans that have not been fully implemented or are not within control of the Company, such as access to equity financing (despite the Company’s track record in raising nearly $500.0 million of such funds).

The Company has undertaken and completed the following plans and actions to improve our available cash balances, liquidity or cash generated from operations, over the twelve month period from the date these financial statements are issued:

- completed the Revolver Exchange (see Note 5);
- amended the BRCC Facility to extend the maturity date to June 10, 2023 and to provide up to $51.0 million of additional liquidity through a revolving credit facility which becomes available as the Company pays down the term portion of the facility (which the Company expects to do over the next twelve months);

- executed a $150.0 million financing commitment from PNC Bank to replace the existing securitization facility that will generate annual interest rate savings of approximately $6.0 million when executed; and
- raised proceeds of $174.6 million from the sale of equity and debt during the three months ended March 31, 2022.

Despite these actions, the Company will need to take further action to raise additional funds in the capital markets. In order to access the capital markets, the Company has filed shelf-registration statements on Form S-3 allowing the Company to raise an additional $1 billion: a $500.0 million universal shelf registration statement filed in March 2022 providing for the sale of common stock, preferred stock, warrants, debt securities and/or units and a $500.0 million shelf registration statement filed in October 2021 providing for the sale of preferred stock and debt securities. Based on our experience with the at-the-market programs and our knowledge of the Company and the financial market, we believe that we will be able to raise additional funds from the sale of equity and debt in the future. However, the Company's ability to obtain additional financing in the debt and equity capital markets is subject to several factors, including market and economic conditions, the Company's performance and investor sentiment with respect to the Company and its industry and considering these factors are outside of the Company's control, substantial doubt about the Company's ability to continue as a going concern exists under the standards of ASC 205-40. The consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

Net Loss per Share

Earnings per share ("EPS") is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock, par value $0.0001 per share ("Common Stock") outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to the potential dilution that could occur if securities or other contracts to issue Common Stock were exercised or converted into Common Stock, using the more dilutive of the two-class method and the if-converted method in periods of earnings. The two class method is an earnings allocation method that determines earnings per share (when there are earnings) for Common Stock and participating securities. The if-converted method assumes all convertible securities are converted into Common Stock. Diluted EPS excludes all dilutive potential shares of Common Stock if their effect is anti-dilutive.

As the Company experienced net losses for the periods presented, the impact of the Company's Series A Perpetual Convertible Preferred Stock ("Series A Preferred Stock") and Series B Cumulative Convertible Perpetual Preferred Stock (the "Series B Preferred Stock"), was calculated using the if-converted method. As of March 31, 2022, the outstanding shares of the Company's Series A Preferred Stock and Series B Preferred Stock, if converted would have resulted in an additional 1,341,917 shares and 18,066,582 shares of Common Stock outstanding, respectively, however, they were not included in the computation of diluted loss per share as their effects were anti-dilutive (i.e., reduces the net loss per share).

Similarly, the Company also did not include the effect of 35,000,000 warrants sold in the Company's Initial Public Offering ("IPO"), the effect of 9,731,819 warrants sold in a private placement of securities on March 18, 2021 or the effect of the aggregate number of shares issuable pursuant to outstanding restricted stock units, performance units and options of 10,005,866 and 2,278,365 as of March 31, 2022 and 2021, respectively, in the calculation of diluted loss per share for the three months ended March 31, 2022 and 2021, because their effects were anti-dilutive.

	Three Months Ended March 31,	
	2022	2021
Net loss attributable to common stockholders (A)	$ (57,895)	$ (38,304)
Weighted average common shares outstanding - basic and diluted (B)	343,732,970	50,646,482
Loss Per Share:		
Basic and diluted (A/B)	$ (0.17)	$ (0.76)

Impact of COVID-19

The Covid-19 pandemic continues to persist throughout the world including the U.S., India, Canada, Europe and other locations where we operate. To date, the Covid-19 pandemic has negatively impacted the global economy, created significant financial market volatility, disrupted global supply chains, and resulted in a significant number of deaths and infections worldwide.

The safety and well-being of our associates employees and our ability to fulfill our client service commitments are our highest priorities. After addressing the initial surge of the Covid-19 pandemic, we are now focused on running our business effectively in the new work from home paradigm while preparing for a more flexible workplace model in the future. Accordingly, the Company has taken several measures and expects to take further actions designed to protect the health of our employees and to minimize our operational disruption and resulting provision of services to our clients from the Covid-19 pandemic, including adopting masking, social distancing and cleaning measures in our production facilities. We are compliant with applicable federal, state and local Covid-19 rules, restrictions, orders and guidance, and are promoting vaccination among our associates.

In fiscal year 2022 to date, we continue to see impacts of global supply chain challenges, availability of staff at some of our key operating centers and pending customers' decision to resume work from office. However, all of our production-related facilities remain operational and are continuing to provide ongoing services to our clients. We continue to engage with our clients to assist with their service demands, including our clients' needs for any supplemental operational services and/or changes to existing service requirements in response to the Covid-19 pandemic.

Notwithstanding the foregoing, we are unable to precisely predict the impact that Covid-19 will have in the future due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of our clients, and other factors identified in Part I, Item 1A. "Risk Factors" in our 2021 Annual Report. Given these uncertainties, the global pandemic could disrupt the business of certain of our clients, decrease our clients' demand for our services, impact our business operations and our ability to execute on our associated business strategies and initiatives, and adversely impact our consolidated results of operations and/or our financial condition in the future. We will continue to closely monitor and evaluate the nature and extent of the impact of the global pandemic to our business, consolidated results of operations, and financial condition.

2. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Effective January 1, 2022, the Company adopted Accounting Standards Update ("ASU") no. 2021-05, *Leases (Topic 842): Lessors — Certain Leases with Variable Lease Payments*. The ASU requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate as an operating lease on the commencement date of the lease if specified criteria are met. The adoption had no material impact on the Company's consolidated results of operations, cash flows, financial position or disclosures.

Effective January 1, 2022, the Company adopted ASU no. 2021-04, *Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the Emerging Issues Task Force)*. The ASU requires issuers to account for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. Under the ASU, an issuer determines the accounting for the modification or exchange based on whether the transaction was done to issue equity, to issue or modify debt, or for other reasons. The adoption had no material impact on the Company's consolidated results of operations, cash flows, financial position or disclosures.

Effective January 1, 2022, the Company adopted ASU no. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40):*

Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The ASU eliminates two models in ASC 470-20 for convertible instruments that require separate accounting for embedded conversion features namely cash conversion model and beneficial conversion feature model. The guidance also requires entities to use the if-converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares. The adoption had no material impact on the Company's consolidated results of operations, cash flows, financial position or disclosures.

Recently Issued Accounting Pronouncements

In October 2021, the FASB issued ASU no. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The ASU amends ASC 805 to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. While primarily related to contract assets and contract liabilities that were accounted for by the acquiree in accordance with ASC 606, the amendments also apply to contract assets and contract liabilities from other contracts to which the provisions of Topic 606 apply, such as contract liabilities from the sale of nonfinancial assets within the scope of Subtopic 610-20. The ASU should be applied prospectively and is effective for the Company for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that adopting this standard will have on the consolidated financial statements.

In June 2016, the FASB issued ASU no. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* to replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company will be required to use a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. This ASU along with related additional clarificatory guidance in the ASU No. 2019-05, "*Financial Instruments—Credit Losses (Topic 326)*" and ASU No. 2019-11, "*Codification Improvements to Topic 326, Financial Instruments—Credit Losses*", is effective for the Company for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Adoption of the standard will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently evaluating the impact that adopting this standard will have on the consolidated financial statements.

3. Significant Accounting Policies

The information presented below supplements the Significant Accounting Policies information presented in our 2021 Form 10-K.

Revenue Recognition

We account for revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. All of our material sources of revenue are derived from contracts with customers, primarily relating to the provision of business and transaction processing services within each of our segments. We do not have any significant extended payment terms, as payment is received shortly after goods are delivered or services are provided.

Nature of Services

Our primary performance obligations are to stand ready to provide various forms of business processing services, consisting of a series of distinct services, but that are substantially the same, and have the same pattern of transfer over time, and accordingly are combined into a single performance obligation. Our promise to our customers is

typically to perform an unknown or unspecified quantity of tasks and the consideration received is contingent upon the customers' use (i.e., number of transactions processed, requests fulfilled, etc.); as such, the total transaction price is variable. We allocate the variable fees to the single performance obligation charged to the distinct service period in which we have the contractual right to bill under the contract.

Disaggregation of Revenues

The Company is organized into three segments: Information & Transaction Processing Solutions ("ITPS"), Healthcare Solutions ("HS"), and Legal & Loss Prevention Services ("LLPS") (See Note 13). The following tables disaggregate revenue from contracts by segment and by geographic region for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,							
	2022				2021			
	ITPS	HS	LLPS	Total	ITPS	HS	LLPS	Total
U.S.A.	$ 148,344	$ 56,596	$ 17,795	$ 222,735	$ 172,924	$ 51,093	$ 17,088	$ 241,105
EMEA	51,978	—	—	51,978	54,209	—	—	54,209
Other	4,685	—	—	4,685	4,742	—	—	4,742
Total	$ 205,007	$ 56,596	$ 17,795	$ 279,398	$ 231,875	$ 51,093	$ 17,088	$ 300,056

Contract Balances

The following table presents contract assets, contract liabilities and contract costs recognized at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Accounts receivable, net	$ 189,585	$ 184,102
Deferred revenues	19,150	17,518
Customer deposits	16,780	17,707
Costs to obtain and fulfill a contract	2,175	2,328

Accounts receivable, net includes $28.5 million and $22.6 million as of March 31, 2022 and December 31, 2021, respectively, representing amounts not yet billed to customers. We have accrued the unbilled receivables for work performed in accordance with the terms of contracts with customers.

Deferred revenues relate to payments received in advance of performance under a contract. A significant portion of this balance relates to maintenance contracts or other service contracts where we received payments for upfront conversions or implementation activities which do not transfer a service to the customer but rather are used in fulfilling the related performance obligations that transfer over time. The advance consideration received from customers is deferred over the contract term. We recognized revenue of $8.9 million during the three months ended March 31, 2022 that had been deferred as of December 31, 2021.

Costs incurred to obtain and fulfill contracts are deferred and presented as part of intangible assets, net and expensed on a straight-line basis over the estimated benefit period. We recognized $0.3 million of amortization for these costs for the three months ended March 31, 2022 within depreciation and amortization expense. These costs represent incremental external costs or certain specific internal costs that are directly related to the contract acquisition or fulfillment and can be separated into two principal categories: contract commissions and fulfillment costs. Applying the practical expedient in ASC 340-40-25-4, we recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less. These costs are included in Selling, general and administrative expenses. The effect of applying this practical expedient was not material.

Customer deposits consist primarily of amounts received from customers in advance for postage. These advanced postage deposits are used to cover the costs associated with postage, with the corresponding postage revenue being recognized as services are performed.

Performance Obligations

At the inception of each contract, we assess the goods and services promised in our contracts and identify each distinct performance obligation. The majority of our contracts have a single performance obligation, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts. For the majority of our business and transaction processing service contracts, revenues are recognized as services are provided based on an appropriate input or output method, typically based on the related labor or transactional volumes.

A certain number of our contracts have multiple performance obligations, including contracts that combine software implementation services with post-implementation customer support. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we estimate our expected costs of satisfying a performance obligation and add an appropriate margin for that distinct good or service. We also use the adjusted market approach whereby we estimate the price that customers in the market would be willing to pay. In assessing whether to allocate variable consideration to a specific part of the contract, we consider the nature of the variable payment and whether it relates specifically to its efforts to satisfy a specific part of the contract. A certain number of our software implementation performance obligations are satisfied at a point in time, typically when customer acceptance is obtained.

When evaluating the transaction price, we analyze, on a contract-by-contract basis, all applicable variable consideration. The nature of our contracts give rise to variable consideration, including volume discounts, contract penalties, and other similar items that generally decrease the transaction price. We estimate these amounts based on the expected amount to be provided to customers and reduce revenues recognized. We do not anticipate significant changes to our estimates of variable consideration.

We include reimbursements from customers, such as postage costs, in revenue, while the related costs are included in cost of revenue.

Transaction Price Allocated to the Remaining Performance Obligations

In accordance with optional exemptions available under ASC 606, we did not disclose the value of unsatisfied performance obligations for (a) contracts with an original expected length of one year or less, and (b) contracts for which variable consideration relates entirely to an unsatisfied performance obligation, which comprise the majority of our contracts. We have certain non-cancellable contracts where we receive a fixed monthly fee in exchange for a series of distinct services that are substantially the same and have the same pattern of transfer over time, with the corresponding remaining performance obligations as of March 31, 2022 in each of the future periods below:

	Estimated Remaining Fixed Consideration for Unsatisfied Performance Obligations
Remainder of 2022	$ 35,014
2023	35,725
2024	31,152
2025	28,316
2026	570
2027 and thereafter	—
Total	$ 130,777

4. Intangible Assets and Goodwill

Intangible Assets

Intangible assets are stated at cost or acquisition-date fair value less accumulated amortization and consists of the following:

	March 31, 2022		
	Gross Carrying Amount (a)	Accumulated Amortization	Intangible Asset, net
Customer relationships	$ 508,258	$ (324,944)	$ 183,314
Developed technology	88,553	(87,737)	816
Trade names (b)	8,425	(3,100)	5,325
Outsource contract costs	16,941	(14,765)	2,176
Internally developed software	49,859	(29,587)	20,272
Assembled workforce	4,473	(3,634)	839
Purchased software	26,749	(5,796)	20,953
Intangibles, net	$ 703,258	$ (469,563)	$ 233,695

	December 31, 2021		
	Gross Carrying Amount (a)	Accumulated Amortization	Intangible Asset, net
Customer relationships	$ 508,241	$ (316,084)	$ 192,157
Developed technology	88,553	(87,612)	941
Trade names (b)	8,400	(3,100)	5,300
Outsource contract costs	16,814	(14,486)	2,328
Internally developed software	49,108	(27,812)	21,296
Assembled workforce	4,473	(3,355)	1,118
Purchased software	26,749	(5,350)	21,399
Intangibles, net	$ 702,338	$ (457,799)	$ 244,539

(a) Amounts include intangible assets acquired in business combinations and asset acquisitions.
(b) The carrying amount of trade names for 2022 and 2021 is net of accumulated impairment losses of $44.1 million. Carrying amount of $5.3 million as at March 31, 2022 represents indefinite-lived intangible asset.

Goodwill

The Company’s operating segments are significant strategic business units that align its products and services with how it manages its business, approach the markets and interacts with its clients. The Company is organized into three segments: ITPS, HS, and LLPS (See Note 13).

Goodwill by reporting segment consists of the following:

	Balances as at January 1, 2021 (a)	Additions	Deletions	Impairments	Currency Translation Adjustments	Balances as at December 31, 2021 (a)
ITPS	$ 254,130	$ —	$ (825)	$ —	$ (633)	$ 252,672
HS	86,786	—	—	—	—	86,786
LLPS	18,865	—	—	—	—	18,865
Total	$ 359,781	$ —	$ (825)	$ —	$ (633)	$ 358,323

	Balances as at January 1, 2022 (a)	Additions	Deletions	Impairments	Currency Translation Adjustments	Balances as at March 31, 2022 (a)
ITPS	$ 252,672	$ —	$ —	$ —	$ (112)	$ 252,560
HS	86,786	—	—	—	—	86,786
LLPS	18,865	—	—	—	—	18,865
Total	$ 358,323	$ —	$ —	$ —	$ (112)	$ 358,211

(a) The goodwill amount for all periods presented is net of accumulated impairment amounts. Accumulated impairment relating to ITPS is $316.5 million as at March 31, 2022 and December 31, 2021; and $317.5 million as at December 31, 2020. Accumulated impairment relating to LLPS is $243.4 million as at March 31, 2022, December 31, 2021 and December 31, 2020.

5. Long-Term Debt and Credit Facilities

Senior Credit Facilities

On July 12, 2017, subsidiaries of the Company entered into a First Lien Credit Agreement with Royal Bank of Canada, Credit Suisse AG, Cayman Islands Branch, Natixis, New York Branch and KKR Corporate Lending LLC (the “Credit Agreement”) providing Exela Intermediate LLC, a wholly owned subsidiary of the Company, upon the terms and subject to the conditions set forth in the Credit Agreement, (i) a $350.0 million senior secured term loan maturing July 12, 2023 with an original issue discount of $7.0 million, and (ii) a $100.0 million senior secured revolving facility maturing July 12, 2022 (the “Revolving Credit Facility”).

The Credit Agreement provided for the following interest rates for borrowings under the senior secured term facility and the Revolving Credit Facility: at the borrower’s option, either (1) an adjusted LIBOR, subject to a 1.0% floor in the case of term loans, or (2) a base rate, in each case plus an applicable margin. The initial applicable margin for the senior secured term facility was 7.5% with respect to LIBOR borrowings and 6.5% with respect to base rate borrowings. The initial applicable margin for the Revolving Credit Facility was 7.0% with respect to LIBOR borrowings and 6.0% with respect to base rate borrowings. The applicable margin for borrowings under the Revolving Credit Facility is subject to step-downs based on leverage ratios. The senior secured term loan is subject to amortization payments, commencing on the last day of the first full fiscal quarter of the Company following the closing date, of 0.6% of the aggregate principal amount for each of the first eight payments and 1.3% of the aggregate original principal amount for payments thereafter, with any balance due at maturity.

Term Loan Repricing

On July 13, 2018, Exela executed a transaction to reprice the $343.4 million of term loans outstanding under its senior secured credit facilities (the “Repricing”). The Repricing was accomplished pursuant to a First Amendment to the First Lien Credit Agreement (the “First Amendment”), dated as of July 13, 2018, by and among the Company’s subsidiaries Exela Intermediate Holdings LLC, Exela Intermediate, LLC, each “Subsidiary Loan Party” listed on the signature pages thereto, Royal Bank of Canada, as administrative agent, and each of the lenders party thereto, whereby

such subsidiaries borrowed $343.4 million of refinancing term loans (the "Repricing Term Loans") to refinance their existing senior secured term loans.

In accordance with ASC 470 – *Debt – Modifications and Extinguishments*, as a result of certain lenders that participated in Exela's debt structure prior to the Repricing and the Company's debt structure after the Repricing, it was determined that a portion of the refinancing of Exela's senior secured credit facilities would be accounted for as a debt modification, and the remaining would be accounted for as an extinguishment. The Company incurred $1.0 million in new debt issuance costs related to the refinancing, of which $1.0 million was expensed pursuant to modification accounting. The proportion of debt that was extinguished resulted in a write off of previously recognized debt issue costs of $0.1 million. Additionally, for the new lenders who exceeded the 10% test, less than $0.1 million was recorded as additional debt issue costs. All unamortized costs and discounts will be amortized over the life of the new term loan using the effective interest rate of the term loan.

The Repricing Term Loans will bear interest at a rate per annum of, at the borrower's option, either (a) a LIBOR rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.0% floor, or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.5%, (ii) the prime rate and (iii) the one-month adjusted LIBOR plus 1.0%, in each case plus an applicable margin of 6.5% for LIBOR loans and 5.5% for base rate loans. The interest rates applicable to the Repricing Term Loans are 100 basis points lower than the interest rates applicable to the existing senior secured term loans that were incurred on July 12, 2017 pursuant to the Credit Agreement. The Repricing Term Loans will mature on July 12, 2023, the same maturity date as the prior senior secured term loans.

2018 Incremental Term Loans

On July 13, 2018, the Company's subsidiaries borrowed an additional $30.0 million pursuant to incremental term loans (the "Incremental Term Loans") under the First Amendment. The proceeds of the Incremental Term Loans may be used by the Company for general corporate purposes and to pay fees and expenses in connection with the First Amendment. The interest rates applicable to the Incremental Term Loans are the same as those for the Repricing Term Loans.

The borrower may voluntarily repay the Repricing Term Loans and the Incremental Term Loans (collectively, the "Term Loans") at any time, without prepayment premium or penalty, subject to customary "breakage" costs with respect to LIBOR rate loans. The Incremental Term Loans will mature on July 12, 2023, the same maturity date as the Repricing Term Loans and prior senior secured term loans.

Other than as described above, the terms, conditions and covenants applicable to the Repricing Term Loans and the Incremental Term Loans are consistent with the terms, conditions and covenants that were applicable to the existing senior secured loans under the Credit Agreement.

2019 Incremental Term Loan

On April 16, 2019, the Company's subsidiaries borrowed an additional $30.0 million pursuant to incremental term loans (the "2019 Incremental Term Loans") under the Second Amendment to First Lien Credit Agreement (the "Second Amendment"). The proceeds of the 2019 Incremental Term Loans were used to replace the cash spent for acquisitions, pay related fees, expenses and related borrowings and for general corporate purposes. The 2019 Incremental Term Loans will mature on July 12, 2023, the same maturity date as the Incremental Term Loans, Repricing Term Loans and prior senior secured term loans under the Credit Agreement.

The 2019 Incremental Term Loans will bear interest at a rate per annum that is the same as the Repricing Term Loans under the senior credit facility. The 2019 Incremental Term Loans will mature on July 12, 2023, the same maturity date as the Term Loans. The borrower may voluntarily repay the 2019 Incremental Term Loans at any time, without prepayment premium or penalty, subject to customary "breakage" costs with respect to LIBOR rate loans.

Other than as described above, the terms, conditions and covenants applicable to the 2019 Incremental Term Loans are consistent with the terms, conditions and covenants that are applicable to the Repricing Term Loans and 2018 Incremental Term Loans under the Credit Agreement. The Repricing and issuance of the 2018 and 2019 Incremental Term Loans resulted in a partial debt extinguishment, for which Exela recognized $1.4 million in debt extinguishment costs during the year ended December 31, 2019, reported within Debt modification and extinguishment costs (gain), net within our consolidated statements of operations.

Third Amendment

On May 18, 2020, subsidiaries of the Company amended the Credit Agreement (the Third Amendment to First Lien Credit Agreement (the "Third Amendment") to, among other things, extend the time for delivery of its audited financial statements for the year ended December 31, 2019 and its financial statements for the quarter ended March 31, 2020. Upon the Company's delivery of the annual and quarterly financial statements within the time frames stated therein (which the Company satisfied during the month of June 2020), the borrower became in compliance with respect to the financial statement delivery requirements set forth in the Credit Agreement. Pursuant to the Third Amendment, the borrowers also amended the Credit Agreement to, among other things: restrict the borrower and its subsidiaries' ability to designate or invest in unrestricted subsidiaries; incur certain debt; create certain liens; make certain investments; pay certain dividends or other distributions on account of its equity interests; make certain asset sales or other dispositions (or utilize the proceeds of certain asset sales to reinvest in the business); or enter into certain affiliate transactions pursuant to the negative covenants under the Credit Agreement. Further, pursuant to the amendment, the borrower under the Credit Agreement was also required to maintain a minimum Liquidity (as defined in the amendment) of $35.0 million. In connection with this amendment, the borrower paid a forbearance fee of $5 million to the consenting lenders. The Company concluded that the amendment represents modification of debt under ASC 470-50. Accordingly, the forbearance fee paid was added to unamortized debt issuance cost which shall be amortized using updated effective interest rate based on modified cash flows.

Private Exchange

On December 9, 2021, in a separate transaction referred to as "Private Exchange" (outside of the Public Exchange as discussed below), subsidiaries of the Company agreed with three (3) of their Term Loan lenders to exchange $212.1 million of Term Loans under the Credit Agreement for $84.3 million in cash and in $127.8 million principal amount of new 11.500% First-Priority Senior Secured Notes due 2026 (the "2026 Notes"). In connection with the Private Exchange transaction, the exchanging lenders provided consents to amend the Credit Agreement to (i) eliminate all affirmative covenants, (ii) eliminate all negative covenants and (iii) eliminate certain events of default (other than events of default relating to payment obligations).

As a result of the Private Exchange, repurchases (as discussed below) and periodic principal repayments, $88.1 million aggregate principal amount of the senior secured term loan remains outstanding as of March 31, 2022 maturing July 12, 2023.

Revolving Credit Facility; Letters of Credit

As of December 31, 2021, our $100 million Revolving Credit Facility was fully drawn taking into account letters of credit issued thereunder. As of December 31, 2021, there were outstanding irrevocable letters of credit totaling approximately $0.5 million under the Revolving Credit Facility.

On March 7, 2022, subsidiaries of the Company entered into a Revolving Loan Exchange and Prepayment Agreement with Royal Bank of Canada, Credit Suisse AG, Cayman Islands Branch, KKR Corporate Lending LLC, Granite State Capital Master Fund LP, Credit Suisse Loan Funding LLC and Revolvercap Partners Fund LP exchanging $100.0 million of outstanding Revolving Credit Facility owed by Exela Intermediate LLC, upon the terms and subject to the conditions set forth in the Revolver Exchange agreement, for (i) $50.0 million in cash, and (ii) $50.0 million of 2026 Notes (such exchange, the "Revolver Exchange" and such 2026 Notes, the "Exchange Notes"). Prepayment of Revolving Credit Facility was treated as an extinguishment of debt under ASC 470-50. Accordingly, the Company wrote off the unamortized balance of $0.2 million of debt issuance costs related to Revolving Credit Facility and reported it

within Debt modification and extinguishment costs (gain), net in our condensed consolidated statements of operations for the three months ended March 31, 2022.

The Exchange Notes are subject to a guarantee in the form of a true-up mechanism whereby the Company is responsible to make a payment to the holders of the Exchange Notes to true-up the shortfall below certain agreed thresholds if holders of the Exchange Notes sell their notes at a price below that threshold during agreed periods in 2022. We recognized $17.4 million (the fair value of the true-up obligation as accounted for under ASC 460, *Contingencies* and ASC 450, *Guarantees*) as a liability with an offsetting debit to the original issuance discount of the issued Exchange Notes on the closing date of the Revolver Exchange. We remeasured our obligation under the true-up mechanism as of March 31, 2022 and accrued an additional $6.2 million liability based on fair value of our obligation as of such date in Other expense, net on the condensed consolidated statements of operations. The amounts payable under the true-up mechanism will be settled in cash payments to the holder of the Exchange Notes.

Senior Secured 2023 Notes

On July 12, 2017, subsidiaries of the Company issued $1.0 billion in aggregate principal amount of 10.0% First Priority Senior Secured Notes due 2023 (the “2023 Notes”). The 2023 Notes are guaranteed by nearly all U.S. subsidiaries of the Company. The 2023 Notes bear interest at a rate of 10.0% per year. The issuers pay interest on the 2023 Notes on January 15 and July 15 of each year, commencing on January 15, 2018. The 2023 Notes will mature on July 15, 2023.

Public Exchange

On October 27, 2021, the Company launched an offer to exchange (the “Public Exchange”) up to $225.0 million in cash and new 2026 Notes for the Company’s outstanding 2023 Notes. The Public Exchange was for $900 in cash per $1,000 principal amount of 2023 Notes tendered subject to proration. The maximum amount of cash to be paid was $225.0 million and the offer was not subject to any minimum participation condition. In case of oversubscription to the cash offer, tendered 2023 Notes would be accepted for cash on a pro rata basis (as a single class). The balance of any tendered 2023 Notes not accepted for cash would be exchanged into 2026 Notes on the basis of $1,000 principal amount of new 2026 Notes for each $1,000 principal amount of outstanding 2023 Notes tendered.

As of the expiration time of the Public Exchange, $912,660,000 aggregate principal amount, or approximately 91.3%, of the 2023 Notes were validly tendered pursuant to the Public Exchange. On December 9, 2021, upon the settlement of the Public Exchange, $662,660,000 aggregate principal amount of the 2026 Notes were issued and an aggregate $225.0 million in cash (plus accrued but unpaid interest) was paid to participating holders in respect of the validly tendered 2023 Notes.

As a result of the Public Exchange and repurchases (as discussed below), $22.8 million aggregate principal amount of the 2023 Notes remains outstanding as of March 31, 2022 maturing on July 15, 2023.

Third Supplemental Indenture

In conjunction with the Public Exchange, the Company also solicited consents to amend certain provisions in the indenture governing the 2023 Notes (“Notes Amendments”). On December 1, 2021, on receipt of the requisite consents to the Notes Amendments, the Company, and Wilmington Trust, National Association, as trustee (the “2023 Notes Trustee”), entered into a third supplemental indenture (the “Third Supplemental Indenture”) to the indenture, dated as of July 12, 2017 (as amended and supplemented by (i) the first supplemental indenture, dated as of July 12, 2017 and (ii) the second supplemental indenture, dated as of May 20, 2020, the “2023 Notes Indenture”) governing the outstanding 2023 Notes. The Third Supplemental Indenture amends the 2023 Notes Indenture and the 2023 Notes to eliminate substantially all of the restrictive covenants, eliminate certain events of default, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including certain provisions relating to future guarantors and defeasance, contained in the 2023 Notes Indenture and the 2023 Notes. In addition, all of the collateral securing the 2023 Notes was released pursuant to the Third Supplemental Indenture.

Senior Secured 2026 Notes

As of December 31, 2021, subsidiaries of the Company had $795.0 million aggregate outstanding principal amount of the 2026 Notes including $790.5 million in aggregate principal amount issued under the Public Exchange and Private Exchange transactions described above.

During the three months ended March 31, 2022, subsidiaries of the Company sold $81.5 million in aggregate of principal amount of the 2026 Notes generating net proceeds of $49.8 million. On March 18, 2022, the subsidiaries of the Company issued $50.0 million of the 2026 Notes to satisfy the exchange obligation under the Revolver Exchange. The 2026 Notes are guaranteed by nearly all U.S. subsidiaries of the Company. The 2026 Notes bear interest at a rate of 11.5% per year. The issuers shall pay interest on the 2026 Notes on January 15 and July 15 of each year, commencing on July 15, 2022. The 2026 Notes will mature on July 12, 2026.

On or after December 1, 2022, the issuers may redeem the 2026 Notes in whole or in part from time to time, at a redemption price of 100%, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, prior to December 1, 2022, the issuers may redeem the 2026 Notes in whole or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. “Applicable Premium” means, with respect to any 2026 Note on any applicable redemption date, as determined by the issuers, the greater of: (1) 1% of the then outstanding principal amount of the 2026 Note; and (2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the 2026 Note, at December 1, 2022 plus (ii) all required interest payments due on the 2026 Note through December 1, 2022 (excluding accrued but unpaid interest), computed using a discount rate equal to the treasury rate as of such redemption date plus 50 basis points; over (b) the then outstanding principal amount of the 2026 Note.

As of March 31, 2022, subsidiaries of the Company had also issued $33.4 million and $10.0 million of principal amount of 2026 Notes as collateral for the remaining payment obligation under the Appraisal Action settlement (discussed under Note 8) and the true-up obligation under the Revolver Exchange, respectively. These collateral notes are not reflected in the condensed consolidated financial statements.

Repurchases

In July 2021 the Company commenced a debt buyback program to repurchase 2023 Notes and senior secured term loans under the Credit Agreement, which remains in place. During the year ended December 31, 2021, we repurchased $64.5 million of the outstanding principal amount of our 2023 Notes for a net cash consideration of $48.4 million. During the year ended December 31, 2021, we also repurchased $40.0 million of outstanding principal amount of Term Loans under the Credit Agreement for a net cash consideration of $22.8 million. These repurchases resulted in an early extinguishment of the repurchased 2023 Notes and senior secured term loans. The Company did not repurchase any senior secured term loans and 2023 Notes during the three months ended March 31, 2022.

BRCC Facility

On November 17, 2021, GP2 XCV, LLC, a subsidiary of the Company (“GP2 XCV"), entered into a borrowing facility with B. Riley Commercial Capital, LLC pursuant to which the Company was able to borrow an original principal amount of $75.0 million, which was later increased to $115.0 million as of December 7, 2021 (as the same may be amended from time to time, the “BRCC Term Loan”). On March 31, 2022, GP2 XCV entered into an amendment to the borrowing facility with B. Riley Commercial Capital, LLC pursuant to which the Company will be able to borrow up to $51.0 million under a separate revolving loan (the “BRCC Revolver”, collectively with BRCC Term Loan, the “BRCC Facility”). There was $10.0 million of availability under this revolving facility as of March 31, 2021.

The BRCC Facility is secured by a lien on all the assets of GP2 XCV and by a pledge of the equity of GP2 XCV. GP2 XCV is a bankruptcy-remote entity and as such its assets are not available to other creditors of the Company or any of its subsidiaries other than GP2 XCV. The BRCC Facility will mature on June 10, 2023 (see Note 14). However, the BRCC Revolver is subject to certain automatic maturity extensions of six months, unless B. Riley

Commercial Capital, LLC or the Company notifies the other party about its election not to extend. In such event, the outstanding principal amount of the BRCC Revolver as of the maturity shall be due and payable in 12 equal installments on the last business day of each calendar month thereafter. Interest under the BRCC Facility accrues at a rate of 11.5% per annum and is payable quarterly on the last business day of each March, June, September and December. The purpose of BRCC Term Loan was to fund certain repurchases of Term Loan under the Credit Agreement and to provide funding for the Public Exchange transaction and Private Exchange transaction described above. The purpose of BRCC Revolver is to fund general corporate purposes.

During the three months ended March 31, 2022, we repaid $22.7 million of outstanding principal amount under the BRCC Term Loan along with $0.7 million of exit fee. Exit fee paid on the partial prepayment of BRCC Term Loan was treated as a debt extinguishment cost under ASC 470-50 and reported within Debt modification and extinguishment costs (gain), net in our condensed consolidated statements of operations for the three months ended March 31, 2022. As of March 31, 2022, there were borrowings of $92.3 million outstanding under the BRCC Term Loan maturing June 10, 2023.

Securitization Facility

On December 17, 2020, certain subsidiaries of the Company entered into a $145.0 million securitization facility with a five year term (the “Securitization Facility”). Borrowings under the Securitization Facility are subject to a borrowing base definition that consists of receivables and, subject to contribution, further supported by inventory and intellectual property, in each case, subject to certain eligibility criteria, concentration limits and reserves.

The Securitization Facility provided for an initial funding of approximately $92.0 million supported by the receivables portion of the borrowing base and, subject to contribution, a further funding of approximately $53.0 million supported by inventory and intellectual property. On December 17, 2020, Exela Receivables 3, LLC (the “Securitization Borrower”) made the initial borrowing of approximately $92.0 million under the Securitization Facility and used a portion of the proceeds to repay $83.0 million of the aggregate outstanding principal amount of loans as of December 17, 2020 under a previous $160.0 million accounts receivable securitization facility (“A/R Facility”) and used the remaining proceeds for general corporate purposes. On April 11, 2021, the Company amended the Securitization Loan Agreement and agreed to, among other things, extend the option to access further funding of approximately $53.0 million in additional borrowings from April 10, 2021 to September 30, 2021 upon the contribution of inventory and intellectual property to support the borrowing base.

The initial documentation for the Securitization Facility includes (i) a Loan and Security Agreement (the “Securitization Loan Agreement”), dated as of December 10, 2020, by and among the Securitization Borrower, a wholly-owned indirect subsidiary of the Company, the lenders (each, a “Securitization Lender” and collectively the “Securitization Lenders”), Alter Domus (US), LLC, as administrative agent (the “Securitization Administrative Agent”) and the Company, as initial servicer, pursuant to which the Securitization Lenders will make loans to the Securitization Borrower to be used to purchase receivables and related assets from the Securitization Parent SPE (as defined below), (ii) a First Tier Receivables Purchase and Sale Agreement (the, dated as of December 17, 2020, by and among Exela Receivables 3 Holdco, LLC (the “Securitization Parent SPE”), a wholly-owned indirect subsidiary of the Company, and certain other indirect, wholly-owned subsidiaries of the Company listed therein (collectively, the “Securitization Originators”), and the Company, as initial servicer, pursuant to which each Securitization Originator has sold or contributed and will sell or contribute to the Securitization Parent SPE certain receivables and related assets in consideration for a combination of cash and equity in the Securitization Parent SPE, (iii) a Second Tier Receivables Purchase and Sale Agreement, dated as of December 17, 2020, by and among, the Securitization Borrower, the Securitization Parent SPE and the Company, as initial servicer, pursuant to which Securitization Parent SPE has sold or contributed and will sell or contribute to the Securitization Borrower certain receivables and related assets in consideration for a combination of cash and equity in the Securitization Borrower, (iv) the Sub-Servicing Agreement, dated as of December 17, 2020, by and among the Company and each Securitization Originator, (v) the Pledge and Guaranty, dated as of the December 10, 2020, between the Securitization Parent SPE and the Administrative Agent, and (vi) the Performance Guaranty, dated as of December 17, 2020, between the Company, as performance guarantor, and the Securitization Administrative Agent (and together with all other certificates, instruments, UCC financing statements,

reports, notices, agreements and documents executed or delivered in connection with the Securitization Loan Agreement, the "Securitization Agreements").

The Securitization Borrower, the Company, the Securitization Parent SPE and the Securitization Originators provide customary representations and covenants under the Securitization Agreements. The Securitization Loan Agreement provides for certain events of default upon the occurrence of which the Securitization Administrative Agent may declare the facility's termination date to have occurred and declare the outstanding Securitization Loan and all other obligations of the Securitization Borrower to be immediately due and payable, however the Securitization Facility does not include an ongoing liquidity covenant like the A/R Facility and aligns reporting obligations with the Company's other material indebtedness agreements.

The Securitization Borrower and Securitization Parent SPE were formed in December 2020, and are identified as VIEs and consolidated into the Company's financial statements following VIE consolidation model under ASC 810. The Securitization Borrower and Securitization Parent SPE are bankruptcy remote entities and as such their assets are not available to creditors of the Company or any of its subsidiaries. Each loan under the Securitization Facility bears interest on the unpaid principal amount as follows: (i) if a Base Rate Loan, at a rate per annum equal to (x) the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted LIBOR Rate (as defined in the Securitization Loan Agreement) plus 1.00%, plus (y) 8.75%; or (ii) if a LIBOR Rate Loan, at the Adjusted LIBOR Rate plus 9.75%. As of March 31, 2022, there were borrowings of $91.9 million outstanding under the Securitization Facility.

Long-Term Debt Outstanding

As of March 31, 2022 and December 31, 2021, the following long-term debt instruments were outstanding:

	March 31, 2022	December 31, 2021
Other (a)	$ 29,804	29,296
Term loan under first lien credit agreement (b)	85,085	89,585
Senior secured 2023 notes (c)	22,651	22,616
Senior secured 2026 notes (d)	885,725	801,306
Secured borrowings under BRCC Facility	92,325	115,000
Secured borrowings under Securitization Facility	91,947	91,947
Revolver	—	99,477
Total debt	1,207,537	1,249,227
Less: Current portion of long-term debt	(138,664)	(144,828)
Long-term debt, net of current maturities	$ 1,068,873	$ 1,104,399

(a) Other debt represents outstanding loan balances associated with various hardware, software purchases, maintenance and leasehold improvements along with loans and receivables factoring arrangement entered into by subsidiaries of the Company.
(b) Net of unamortized original issue discount and debt issuance costs of $0.6 million and $2.3 million as of March 31, 2022 and $0.8 million and $2.8 million as of December 31, 2021.
(c) Net of unamortized original issue discount and debt issuance costs of $0.1 million and less than $0.1 million as of March 31, 2022 and $0.2 million and $0.1 million as of December 31, 2021.
(d) Net of unamortized net original issue discount and debt issuance costs of $26.7 million and $14.0 million as of March 31, 2022; and unamortized net debt exchange premium and carried forward debt issuance costs of $15.4 million and $9.0 million as of December 31, 2021.

6. Income Taxes

The Company applies an estimated annual effective tax rate ("ETR") approach for calculating a tax provision for interim periods, as required under GAAP. The Company recorded an income tax expense of $2.5 million and income tax benefit of less than $0.1 million for the three months ended March 31, 2022 and 2021, respectively.

The Company's ETR of (4.6)% for the three months ended March 31, 2022 differed from the expected U.S. statutory tax rate of 21.0% and was primarily impacted by permanent tax adjustments, state and local current expense, foreign operations, and valuation allowances, including valuation allowances on a portion of the Company's deferred tax assets on U.S. disallowed interest expense carryforwards created by the provisions of The Tax Cuts and Jobs Act ("TCJA").

For the three months ended March 31, 2021, the Company's ETR of 0.05% differed from the expected U.S. statutory tax rate of 21.0%, and was primarily impacted by permanent tax adjustments, state and local current expense, foreign operations, and valuation allowances, including valuation allowances on a portion of the Company's U.S. disallowed interest expense carryforwards created by the provisions of the TCJA.

As of March 31, 2022, there were no material changes to either the nature or the amounts of the uncertain tax positions previously determined for the year ended December 31, 2021.

7. Employee Benefit Plans

German Pension Plan

The Company's subsidiary in Germany provides pension benefits to certain retirees. Employees eligible for participation include all employees who started working for the Company or its predecessors prior to September 30, 1987 and have finished a qualifying period of at least 10 years. The Company accrues the cost of these benefits over the service lives of the covered employees based on an actuarial calculation. The Company uses a December 31 measurement date for this plan. The German pension plan is an unfunded plan and therefore has no plan assets. No new employees are registered under this plan and the participants who are already eligible to receive benefits under this plan are no longer employees of the Company.

U.K. Pension Plan

The Company's subsidiary in the United Kingdom provides pension benefits to certain retirees and eligible dependents. Employees eligible for participation include all full-time regular employees who were more than three years from retirement prior to October 2001. A retirement pension or a lump-sum payment may be paid dependent upon length of service at the mandatory retirement age. The Company accrues the cost of these benefits over the service lives of the covered employees based on an actuarial calculation. The Company uses a December 31 measurement date for this plan. No new employees are registered under this plan and the pension obligation for the existing participants of the plan is calculated based on actual salary of the participants as at the earlier of two dates, the participants leaving the Company or December 31, 2015.

Norway Pension Plan

The Company's subsidiary in Norway provides pension benefits to eligible retirees and eligible dependents. Employees eligible for participation include all employees who were more than three years from retirement prior to March 2018. The Company accrues the cost of these benefits over the service lives of the covered employees based on an actuarial calculation. The Company uses a December 31 measurement date for this plan. No new employees are registered under this plan and the pension obligation for the existing participants of the plan is calculated based on actual salary of the participants as at the later of two dates, the participants leaving the Company or April 30, 2018.

Asterion Pension Plan

In April 2018 through its acquisition of Asterion International Group the Company became obligated to provide pension benefits to eligible retirees and eligible dependents of Asterion. Employees eligible for participation include all full-time regular employees who were more than three years from retirement prior to July 2003. A retirement pension or a lump-sum payment may be paid dependent upon length of service at the mandatory retirement age. The Company accrues the cost of these benefits over the service lives of the covered employees based on an actuarial

calculation. The Company uses a December 31 measurement date for this plan. No new employees are registered under this plan and the pension obligation for the existing participants of the plan is calculated based on actual salary of the participants as at the earlier of two dates, the participants leaving the Company or April 10, 2018.

Tax Effect on Accumulated Other Comprehensive Loss

As of March 31, 2022 and December 31, 2021 the Company recorded actuarial losses of $10.6 million and $10.9 million in accumulated other comprehensive loss on the condensed consolidated balance sheets, respectively, which is net of a deferred tax benefit of $2.0 million for each period.

Pension Expense

The components of the net periodic benefit cost are as follows:

	Three Months Ended March 31,	
	2022	2021
Service cost	$ 16	$ 19
Interest cost	517	424
Expected return on plan assets	(772)	(605)
Amortization:		
Amortization of prior service cost	56	45
Amortization of net loss	688	838
Net periodic benefit cost	$ 505	$ 721

The Company records pension interest cost within Interest expense, net. Expected return on plan assets, amortization of prior service costs, and amortization of net losses are recorded within Other income, net. Service cost is recorded within Cost of revenue.

Employer Contributions

The Company's funding of employer contributions is based on governmental requirements and differs from those methods used to recognize pension expense. The Company made contributions of $0.7 million and $0.9 million to its pension plans during the three months ended March 31, 2022 and 2021, respectively. The Company has funded the pension plans with the required contributions for 2022 based on current plan provisions.

8. Commitments and Contingencies

Appraisal Action

On September 21, 2017, former stockholders of SourceHOV Holdings, Inc. ("SourceHOV"), who owned 10,304 shares of SourceHOV common stock, filed a petition for appraisal pursuant to 8 Del. C. § 262 in the Delaware Court of Chancery (the "Court"), captioned Manichaean Capital, LLC, et al. v. SourceHOV Holdings, Inc., C.A. No. 2017 0673 JRS (the "Appraisal Action"). The Appraisal Action arose out of a preliminary transaction in connection with the acquisition of SourceHOV and Novitex Holdings, Inc., by Quinpario in July 2017 ("Novitex Business Combination"), and the petitioners sought, among other things, a determination of the fair value of their SourceHOV shares at the time of the Novitex Business Combination; an order that SourceHOV pay that value to the petitioners, together with interest at the statutory rate; and an award of costs, attorneys' fees, and other expenses. During the trial the parties and their experts offered competing valuations of the SourceHOV shares as of the date of the Novitex Business Combination. SourceHOV argued the value was no more than $1,633.85 per share and the petitioners argued the value was at least $5,079.28 per share. On January 30, 2020, the Court issued its post-trial Memorandum Opinion in the Appraisal Action, in which it found that the fair value of SourceHOV as of the date of the Novitex Business Combination was $4,591 per share, and on March 26, 2020, the Court issued its final order awarding the petitioners $57,698,426 inclusive of costs and interest. Per the Court's opinion, the legal rate of interest, compounded quarterly,

accrues on the per share value from the July 2017 closing date of the Novitex Business Combination until the date of payment to petitioners.

On December 31, 2021, we agreed to settle the Appraisal Action along with a separate case brought by the same plaintiffs for $63.4 million. Accordingly, as of December 31, 2021, the Company accrued a liability of $63.4 million for these matters, all of which is expected to be paid during the first half of 2022 ($40.0 million having already been paid as of March 31, 2022). As of March 31, 2022, there was a net outstanding balance of $24.5 million, including interest, for this matter included in Accrued liabilities on the condensed consolidated balance sheet.

Adverse Arbitration Order

In April 2020, one of the Company's Nordic subsidiaries commenced an arbitration in Finland against a customer alleging breach of contract and other damages in connection with an outsourcing services agreement and transition services agreement executed in 2017. In September 2020, the customer submitted counterclaims against the Company in an aggregate amount in excess of €10.0 million. Following an expedited arbitration, in late November 2020, the arbitrator awarded the customer approximately $13.0 million in the aggregate for the counterclaimed damages and costs. The Company filed an application to annul the award in late January 2021 with the relevant court asserting, among other bases, that the arbitrator violated due process and procedural rules by disallowing the Company’s witness and expert testimony and maintaining the expedited format following the assertion of significant counterclaims which would ordinarily have required the application of normal rather than expedited rules. On May 28, 2021, the parties entered into a settlement agreement resolving this dispute for a total of $8.8 million including the reimbursement of certain third party charges. As of March 31, 2022, there was a net outstanding balance of $2.9 million for this matter included in Accrued liabilities on the Condensed Consolidated Balance Sheet.

Contract-Related Contingencies

The Company has certain contingent obligations that arise in the ordinary course of providing services to its customers. These contingencies are generally the result of contracts that require the Company to comply with certain performance measurements or the delivery of certain services to customers by a specified deadline. The Company believes the adjustments to the transaction price, if any, under these contract provisions will not result in a significant revenue reversal or have a material adverse effect on the Company’s consolidated balance sheets, consolidated statements of operations or consolidated statements of cash flows.

9. Fair Value Measurement

Assets and Liabilities Measured at Fair Value

The carrying amount of assets and liabilities including cash and cash equivalents, accounts receivable, accounts payable and current portion of long-term debt approximated their fair value as of March 31, 2021, and December 31, 2021, due to the relative short maturity of these instruments. Management estimates the fair values of the secured term loan, secured 2023 notes and secured 2026 notes at approximately 70.0%, 70.0% and 50.0% respectively, of the respective principal balance outstanding as of March 31, 2022. The fair values of secured borrowings under the Company’s securitization facility and BRCC facility are equal to the respective carrying values. Other debt represents the Company's outstanding loan balances associated with various hardware, software purchases, maintenance and leasehold improvements along with loans and receivables factoring arrangement entered into by subsidiaries of the Company and as such, the cost incurred would approximate fair value. Property and equipment, intangible assets, capital lease obligations, and goodwill are not required to be re-measured to fair value on a recurring basis. These assets are evaluated for impairment if certain triggering events occur. If such evaluation indicates that impairment exists, the respective asset is written down to its fair value.

The Company determined the fair value of its long-term debt using Level 2 inputs including the recent issue of the debt, the Company’s credit rating, and the current risk-free rate. The Company’s true-up guarantee liability related to true-up guarantee provided on the Exchange Notes issued under Revolver Exchange transaction is re-measured each

period and represents a Level 3 measurement as it is based on the estimated true-up obligation amount based on the Revolving Loan Exchange and Prepayment Agreement terms less amount already paid, if any.

The following table provides the carrying amounts and estimated fair values of the Company's financial instruments as of March 31, 2022, and December 31, 2021:

As of March 31, 2022	Carrying Amount	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Recurring assets and liabilities:					
Long-term debt	$ 1,068,873	$ 616,269	$ —	$ 616,269	$ —
True-up guarantee liability	23,585	23,585	—	—	23,585
Nonrecurring assets and liabilities:					
Goodwill	358,211	358,211	—	—	358,211

As of December 31, 2021	Carrying Amount	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Recurring assets and liabilities:					
Long-term debt	$ 1,104,399	$ 895,615	$ —	$ 895,615	$ —
Nonrecurring assets and liabilities:					
Goodwill	358,323	358,323	—	—	358,323

10. Stock-Based Compensation

Exela 2018 Stock Incentive Plan

On January 17, 2018, Exela's 2018 Stock Incentive Plan (the "2018 Plan") became effective. The 2018 Plan provides for the grant of incentive and nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards, and other stock-based compensation to eligible participants. The Company was initially authorized to issue up to 2,774,588 shares of Common Stock under the 2018 Plan. On December 31, 2021, the shareholders of the Company approved our Amended and Restated 2018 Stock Incentive Plan increasing the number of shares of Common Stock reserved for issuance from an original 2,774,589 shares to 17,848,076.

Restricted Stock Unit

Restricted stock unit awards generally vest ratably over a one to two year period. Restricted stock units are subject to forfeiture if employment terminates prior to vesting and are expensed ratably over the vesting period.

A summary of restricted stock unit activities under the 2018 Plan for the three months ended March 31, 2022 is summarized in the following table:

	Number of Units	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding Balance as of December 31, 2021	1,369,008	$ 1.75	0.11	$ 2,393
Granted	—	—		
Forfeited	—	—		
Vested	(1,283,507)	(1.73)		
Outstanding Balance as of March 31, 2022	85,501	$ 2.02	0.51	$ 172

The majority of the RSUs that vested in the first quarter of 2022 were net-share settled such that the Company withheld shares with value equivalent to the employee's minimum statutory obligation for applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. The total shares withheld were 239,847 shares and were based on the value of the RSUs on their respective vesting dates as determined by the Company's closing stock price. Total payment for the employee's tax obligations to taxing authorities were $0.2 million and is reflected as a financing activity within the Condensed Consolidated Statements of Cash Flows.

Options

Under the 2018 Plan, stock options are granted at a price per share not less than 100% of the fair market value per share of the underlying stock at the grant date. The vesting period for each option award is established on the grant date, and the options generally expire 10 years from the grant date. Options granted under the 2018 Plan generally require no less than a two or four year ratable vesting period. Stock option activity for the three months ended March 31, 2022 is summarized in the following table:

	Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Average Remaining Vesting Period (Years)	Aggregate Intrinsic Value (2)
Outstanding Balance as of December 31, 2021	1,445,299	$ 5.63	$ 11.78	0.69	$ —
Granted	—	—			
Exercised	—	—			
Forfeited	(24,933)	(5.60)			
Expired	—	—			
Outstanding Balance as of March 31, 2022 (1)	1,420,366	$ 5.63	$ 11.77	0.55	$ —

(1) 542,813 of the outstanding options are exercisable as of March 31, 2022.
(2) Exercise prices of all of the outstanding options as of March 31, 2022 were higher than the market price of the shares of the Company. Therefore, aggregate intrinsic value is zero.

As of March 31, 2022, there was approximately $0.8 million of total unrecognized compensation expense related to non-vested restricted stock unit awards and stock option awards under the 2018 Plan, which will be recognized over the respective service period. Stock-based compensation expense is recorded within Selling, general, and administrative expenses. The Company incurred total compensation expense of $0.1 million and $0.4 million related to restricted stock unit awards and stock option awards under the 2018 Plan for the three months ended March 31, 2022 and 2021, respectively.

Market Performance Units

On September 14, 2021, the Company granted its Executive Chairman performance units with a market performance condition, which are notional units representing the right to receive one share of Common Stock (or the cash value of one share of Common Stock). Until such time that the Company obtained the approval of the stockholders of the Company regarding an increase to the number of shares authorized for issuance under its 2018 Plan in accordance with Nasdaq Listing Rule 5635(a), these performance units would be settled in cash, and following such shareholder approval, at the election of the compensation committee of the Company, might be settled in cash or in shares of Common Stock. The performance units provide that until an increase to the share reserve is approved, such performance units are subject to the terms and conditions of the 2018 Plan as though granted thereunder, but not be considered an award that is outstanding under the plan, and following such time that the plan amendment is approved, constitute an award under the 2018 Plan.

Fifty percent of the performance units covered by the award will vest if, at any time during the period commencing September 14, 2021 and ending June 30, 2024, the volume weighted average of the reported closing price of the Company's Common Stock is $10 per share or greater on (x) 60 consecutive trading days or (y) 90 non-consecutive trading days in any 180 day period (the "Tranche 1"). In addition, the remaining 50% of the performance units will vest if, at any time during the period commencing September 14, 2021 and ending June 30, 2025, the volume weighted average of the reported closing prices of the Company's Common Stock is $20 per share or greater on (x) 60 consecutive trading days or (y) 90 non-consecutive trading days in any 180 day period (the "Tranche 2"). Any Tranche 1

and Tranche 2 units that are not earned by June 30, 2024 and June 30, 2025 (the "Expiration date"), respectively, will be forfeited for no consideration and will no longer be eligible to vest. In addition, if a change in control occurs prior to the applicable expiration date, if the performance units are assumed by the acquirer, the units will remain outstanding and eligible to vest based solely on his continued service to the Company. If in connection with such change in control the performance units are not assumed by an acquirer, a number of performance units will vest based on the per share price paid in the transaction, with 0% vesting if the per share price is equal to or less than $2.00 per share, and 100% of the Tranche 1 vesting if the per share price is equal to or greater than $10 and 100% of the Tranche 2 vesting if the per share price is equal to or greater than $20, and a number of Tranche 1 and Tranche 2 vesting determined based on a straight line interpolation if the share price is between $2.00 and $10.00 or $20.00, respectively. In addition, if there is a change in control that is principally negotiated and approved by, and recommended to the Company's shareholders by, a special committee of independent directors which committee does not include the Executive Chairman, and neither he nor any of his affiliates is directly or indirectly an equity holder of the acquiring Company, and the Tranche 1 are not assumed by an acquirer in connection with such transaction, all of his then unvested Tranche 1 will vest, and the Tranche 2 would be eligible for the pro rata vesting described above. The Executive Chairman will remain eligible to earn his performance units so long as he remains employed with the Company as Executive Chairman through December 31, 2023 and following such date he remains engaged with the Company in any capacity, including as a non-employee director.

On December 31, 2021, the Company obtained the approval of the stockholders of the Company for the 2018 Plan amendment regarding an increase to the number of shares authorized for issuance under its 2018 Plan. After approval of the amended and restated 2018 Plan, the performance units are an award that is outstanding under the amended and restated 2018 Plan. Therefore, the performance units may be settled in cash or in shares of Common Stock of the Company at the election of the compensation committee of the Company.

The fair value of the awards was determined to be $1.48 and $1.51 for Tranche 1 and Tranche 2, respectively, on the grant date by application of the Monte Carlo simulation model. Until December 31, 2021, the performance units were cash-settled awards and therefore accounted for as a liability classified award. On December 31, 2021, upon the approval of the amended and restated 2018 Plan, the performance units may be settled in cash or in shares of Common Stock of the Company at the election of the compensation committee of the Company, therefore the award was reclassified to equity. On December 31, 2021, the modification date fair value of the awards was determined to be $0.44 and $0.47 for Tranche 1 and Tranche 2, respectively, by application of the Monte Carlo simulation model.

The following table summarizes the activity for the market performance restricted stock units for the three months ended March 31, 2022:

	Number of Units	Weighted Average Fair Value	Weighted Average Period Over Which Expected to be Recognized
Outstanding Balance as of December 31, 2021	8,500,000	$ 0.46	2.98
Granted	—	—	
Forfeited	—	—	
Vested	—	—	
Outstanding Balance as of March 31, 2022	8,500,000	$ 0.46	2.98

As of March 31, 2022, there was approximately $2.4 million of total unrecognized compensation expense related to non-vested performance unit awards, which will be recognized over the requisite service period. We recognized $0.2 million compensation expense associated with the performance unit award for the three months ended March 31, 2022.

11. Stockholders' Equity

The following description summarizes the material terms and provisions of the securities that the Company has authorized.

Common Stock

The Company is authorized to issue 1,600,000,000 shares of Common Stock. Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock or as provided for in the Director Nomination Agreement to which the Company is party, the holders of our Common Stock possess all voting power for the election of our board of directors and all other matters requiring stockholder action and will at all times vote together as one class on all matters submitted to a vote of Exela stockholders. Holders of our Common Stock are entitled to one vote per share on matters to be voted on by stockholders. Holders of our Common Stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by the board of directors in its discretion out of funds legally available therefor and shall share equally on a per share basis in such dividends and distributions. The holders of the Common Stock have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the Common Stock. As of March 31, 2022 and December 31, 2021, there were 484,557,092 and 265,194,961 shares of Common Stock outstanding, respectively.

Common Stock At-The-Market Sales Program

On May 27, 2021, the Company entered into an At Market Issuance Sales Agreement ("First ATM Agreement") with B. Riley Securities, Inc. ("B. Riley") and Cantor Fitzgerald & Co. ("Cantor"), as distribution agents under which the Company may offer and sell shares of the Company's Common Stock from time to time through the Distribution Agents, acting as sales agent or principal. On September 30, 2021, the Company entered into a second At Market Issuance Sales Agreement with B. Riley, BNP Paribas Securities Corp., Cantor, Mizuho Securities USA LLC and Needham & Company, LLC, as distribution agents (together with the First ATM Agreement, the "ATM Agreement").

Sales of the shares of Common Stock under the ATM Agreement, will be in "at the market offerings" as defined in Rule 415 under the Securities Act, including, without limitation, sales made directly on or through the Nasdaq or on any other existing trading market for the Common Stock, as applicable, or to or through a market maker or any other method permitted by law, including, without limitation, negotiated transactions and block trades. Shares of Common Stock sold under the ATM Agreement are offered pursuant to the Company's Registration Statement on Form S-3 (File No. 333-255707), filed with the SEC on May 3, 2021, and declared effective on May 12, 2021 (the "2021 Registration Statement"), and the prospectus dated May 12, 2021 included in the 2021 Registration Statement and the related prospectus supplements for sales of shares of Common Stock as follows:

Supplement	Period	Number of Shares Sold	Weighted Average Price Per Share	Gross Proceeds	Net Proceeds
Prospectus supplement dated May 27, 2021 with an aggregate offering price of up to $100.0 million ("Common ATM Program–1")	May 28, 2021 and through July 1, 2021	49,423,706	$2.008	$99.3 million	$95.7 million
Prospectus supplement dated June 30, 2021 with an aggregate offering price of up to $150.0 million ("Common ATM Program–2")	June 30, 2021 and through September 2, 2021	57,580,463	$2.603	$149.9 million	$144.4 million
Prospectus supplement dated September 30, 2021 with an aggregate offering price of up to $250.0 million ("Common ATM Program–3")	October 6, 2021 through March 31, 2022	334,875,948	$0.747	$250.0 million	$241.0 million

Series A Preferred Stock

The Company is authorized to issue 20,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. At March 31, 2022 and December 31, 2021, the Company had 2,778,111 shares of Series A Preferred Stock outstanding. The par value of the Series A Preferred Stock is $0.0001 per share. Each share of Series A Preferred Stock is convertible at the holder's option, at any time into the number of shares of Common Stock determined as of the date of conversion using a certain conversion formula that takes into account the amount of Liquidation Preference per share as adjusted for accrued but unpaid dividends, as described below. As of March 31, 2022, each outstanding share of Series A Preferred Stock was convertible into 0.4830 shares of Common Stock using this conversion formula. Accordingly, as of March 31,2022, 1,341,917 shares of Common Stock were issuable upon conversion of the remaining 2,778,111 shares of Series A Preferred Stock.

Holders of the Series A Preferred Stock are entitled to receive cumulative dividends at a rate per annum of 10% of the dollar amount of per share liquidation preference (plus accumulated but unpaid dividends, the “Series A Liquidation Preference") per share of Series A Preferred Stock, paid or accrued quarterly in arrears. From the issue date through December 31, 2021 the amount of all accrued but unpaid dividends on the Series A Preferred Stock have been added to the Series A Liquidation Preference. The Company shall add the amount of all accrued but unpaid dividends on each quarterly dividend payment date to the Series A Liquidation Preference, except to the extent the Company elects to make all or any portion of such payment in cash on or prior to the applicable dividend payment date, in which case, the amount of the accrued but unpaid dividends that is added to the Series A Liquidation Preference shall be reduced on a dollar-for-dollar basis by the amount of any such cash payment. The Company is not required to make any payment or allowance for unpaid dividends, whether or not in arrears, on converted shares of Series A Preferred Stock or for dividends on the shares of Common Stock issued upon conversion of such shares. The gross dividend accumulation for the three months ended March 31, 2022 was $0.9 million. The gross dividend accumulation for the three months ended March 31, 2021 was $0.9 million, however, as a result of 510,681 shares of Series A Preferred Stock being converted into 223,413 shares of Common Stock during the first quarter of 2021, accumulated dividend of $1.8 million was reversed, resulting in a net reduction of dividend accumulation of $0.9 million for the three months ended March 31, 2021. As of March 31, 2022, the total accumulated but unpaid dividends on the Series A Preferred Stock since inception on July 12, 2017 is $13.2 million. The per share average of cumulative preferred dividends for the three months ended March 31, 2022 and 2021 is $0.3 and $(0.3), respectively.

In addition, holders of the Series A Preferred Stock will participate in any dividend or distribution of cash or other property paid in respect of the Common Stock pro rata with the holders of the Common Stock (other than certain dividends or distributions that trigger an adjustment to the conversion rate, as described in the Certificate of Designations), as if all shares of Series A Preferred Stock had been converted into Common Stock immediately prior to the date on which such holders of the Common Stock became entitled to such dividend or distribution.

Series B Preferred Stock

On February 24, 2022, the Company offered its shareholders the opportunity to exchange shares of its Common Stock for its Series B Preferred Stock, par value $0.0001 per share, with each 20 shares of Common Stock being exchangeable for one share of Series B Preferred Stock having a liquidation preference of $25.00 per share (the “Share Exchange Offer”). On March 11, 2022, the Company designated 5,000,000 shares of its authorized and unissued preferred stock as Series B Preferred Stock and filed a Certificate of Designation of Series B Preferred Stock of Exela Technologies Inc., or the Series B Certificate of Designation. The Share Exchange Offer expired on March 10, 2022, and 18,006,560 shares of Common Stock were validly tendered for exchange. On March 11, 2022, the Company issued a total of 900,328 shares of Series B Preferred Stock in exchange of all such tendered and accepted shares of Common Stock, which shares were cancelled. The Series B Preferred Stock are listed on the Nasdaq under the symbol “XelaP”.

At March 31, 2022, the Company had 900,328 shares of Series B Preferred Stock outstanding. Each share of Series B Preferred Stock is convertible at the holder's option, at any time into the number of shares of Common Stock determined as of the date of conversion using a certain conversion formula that takes into account the amount of liquidation preference per share as adjusted for accrued but unpaid dividends, as described below. As of March 31, 2022,

each outstanding share of Series B Preferred Stock was convertible into 20.0667 shares of Common Stock using this conversion formula. Accordingly, as of March 31, 2022, 18,066,582 shares of Common Stock were issuable upon conversion of 900,328 shares of outstanding Series B Preferred Stock.

Holders of the Series B Preferred Stock are entitled to receive cumulative dividends at a rate per annum of 6% of the dollar amount of per share liquidation preference (plus accumulated but unpaid dividends, the “Series B Liquidation Preference") per share of Series B Preferred Stock, paid or accrued quarterly in arrears. From the issue date through March 31, 2022, the amount of all accrued but unpaid dividends on the Series B Preferred Stock have been added to the Series B Liquidation Preference. The Company shall add the amount of all accrued but unpaid dividends on each quarterly dividend payment date to the Series B Liquidation Preference, except to the extent the Company elects to make all or any portion of such payment in cash on or prior to the applicable dividend payment date, in which case, the amount of the accrued but unpaid dividends that is added to the Series B Liquidation Preference shall be reduced on a dollar-for-dollar basis by the amount of any such cash payment. The Company is not required to make any payment or allowance for unpaid dividends, whether or not in arrears, on converted shares of Series B Preferred Stock or for dividends on the shares of Common Stock issued upon conversion of such shares. The gross dividend accumulation for the three months ended March 31, 2022 is less than $0.1 million. As of March 31, 2022, the total accumulated but unpaid dividends on the Series B Preferred Stock since inception on March 23, 2022 is less than $0.1 million. The per share average of cumulative preferred dividends for the three months ended March 31, 2022 is $0.08.

In addition, holders of the Series B Preferred Stock will participate in any dividend or distribution of cash or other property paid in respect of the Common Stock pro rata with the holders of the Common Stock (other than certain dividends or distributions that trigger an adjustment to the conversion rate, as described in the Certificate of Designations), as if all shares of Series B Preferred Stock had been converted into Common Stock immediately prior to the date on which such holders of the Common Stock became entitled to such dividend or distribution.

Holders of Series B Preferred Stock also have rights to vote for the election of one additional director to serve on the Board, if dividends on Series B Preferred Stock are in arrears for eight or more consecutive quarters, until all unpaid and accumulated dividends on the Series B Preferred Stock have been paid or declared and a sum sufficient for payment is set aside for such payment.

Treasury Stock

On November 8, 2017, the Company’s board of directors authorized a share buyback program (the “Share Buyback Program”), pursuant to which the Company was permitted to purchase up to 1,666,667 shares of Common Stock. The Share Buyback Program has expired. As of March 31, 2022, 929,049 shares had been repurchased under the Share Buyback Program and they are held as treasury stock. The Company records treasury stock using the cost method.

During the first quarter of 2020, 1,523,578 shares of Common Stock were returned to the Company in connection with the Appraisal Action. These shares are also included in treasury stock.

Warrants

At March 31, 2022, there were warrants outstanding to purchase 15,565,152 shares of our Common Stock, consisting of 35,000,000 warrants to purchase one-sixth of one share outstanding from our 2015 IPO and 9,731,819 warrants to purchase one share from the private placement that was completed in March 2021.

IPO Warrants

As part of our IPO, we issued 35,000,000 units comprising one share of Common Stock and one warrant of which 34,986,302 have been separated from the original unit and 13,698 warrants remain an unseparated part of the originally issued units (the Common Stock included in these originally issued units (adjusted to reflect the Reverse Split) have been accounted for in the number of shares of Common Stock outstanding referred to above). The warrants traded on the OTC Pink under the symbol “XELAW” as of March 31, 2022.

Each IPO warrant entitles the holder to purchase one-sixth of one share of Common Stock at a price of $5.75 per one-sixth share ($34.50 per whole share). IPO Warrants may be exercised only for a whole number of shares of Common Stock. No fractional shares will be issued upon exercise of the warrants. Each IPO warrant is currently exercisable and will expire July 12, 2022, or earlier upon redemption.

The Company may call the IPO warrants for redemption at a price of $0.01 per warrant upon a minimum of 30 days' prior written notice of redemption, if, and only if, the last sales price of the shares of Common Stock equals or exceeds $72.00 per share for any 20 trading days within a 30 trading day period (the "30-day trading period") ending three business days before the Company sends the notice of redemption, and if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying such warrants commencing five business days prior to the 30-day trading period and continuing each day thereafter until the date of redemption.

Private Placement of Unregistered Shares and Warrants

On March 15, 2021, the Company, entered into a securities purchase agreement with certain accredited institutional investors pursuant to which the Company issued and sold to ten accredited institutional investors in a private placement an aggregate of 9,731,819 unregistered shares of the Company's Common Stock at a price of $2.75 per share and an equal number of warrants, generating gross proceeds to the Company of $26.8 million. Cantor Fitzgerald acted as underwriter in connection with such sale of unregistered securities and received a placement fee of 5.5% of gross proceeds in connection with such service. In selling the shares without registration, the Company relied on exemptions from registration available under Section 4(a)(2) of the Securities Act of 1933 and Rule 506 promulgated thereunder. The shares of Common Stock sold together with these warrants are included in the Company's calculation of total shares outstanding. The Company filed a registration statement on Form S-3 on May 3, 2021 that registered these shares and the shares underlying these private placement warrants.

Each private placement warrant entitles the holder to purchase one share of Common Stock, at an exercise price of $4.00 per share and will expire on September 19, 2026. The private placement warrants are not traded as of March 31, 2022 and are not subject to redemption by the Company.

12. Related-Party Transactions

Relationship with HandsOn Global Management

The Company incurred reimbursable travel expenses to HOVS LLC and HandsOn Fund 4 I, LLC (collectively, together with certain affiliated entities controlled by HandsOn Global Management LLC, "HGM") of less than $0.1 million for each of the three months ended March 31, 2022 and 2021. As of March 31, 2022, HGM beneficially owned approximately 2.4% of the Company's Common Stock, including shares issuable upon conversion of our Series A Preferred Stock and Series B Preferred Stock. Certain members of our Board of Directors, including our Executive Chairman, Par Chadha, Sharon Chadha, Ron Cogburn, and James Reynolds are or may be deemed to be affiliated with HGM.

Pursuant to a master agreement dated January 1, 2015 between Rule 14, LLC and a subsidiary of the Company, the Company incurs marketing fees to Rule 14, LLC, a portfolio company of HGM. Similarly, the Company is party to ten master agreements with entities affiliated with HGM's managed funds, each of which were entered into during 2015 and 2016. Each master agreement provides the Company with use of certain technology and includes a reseller arrangement pursuant to which the Company is entitled to sell these services to third parties. Any revenue earned by the Company in such third-party sale is shared 75%/25% with each of HGM's venture affiliates in favor of the Company. The brands Zuma, Athena, Peri, BancMate, Spring, Jet, Teletype, CourtQ and Rewardio are part of the HGM managed funds. The Company has the license to use and resell such brands, as described therein. The Company incurred fees relating to these agreements of $1.5 million and $1.1 million for the three months ended March 31, 2022 and 2021, respectively.

Certain operating companies lease their operating facilities from HOV RE, LLC and HOV Services Limited, which are affiliates under common control with HGM. The rental expense for these operating leases was less than $0.1

million for each of the three months ended March 31, 2022 and 2021. In addition, HOV Services, Ltd. provides the Company data capture and technology services. The expense recognized for these services was approximately $0.3 million for each of the three months ended March 31, 2022 and 2021. These expenses are included in cost of revenue in the consolidated statements of operations.

Consulting Agreement

The Company receives services from Oakana Holdings, Inc. The Company and Oakana Holdings, Inc. are related through a family relationship between our Executive Chairman and the president of Oakana Holdings, Inc. The expense recognized for these services was less than $0.1 million for each of the three months ended March 31, 2022 and 2021.

Subscription Agreements

During the year ended December 31, 2021, the Company entered into separate subscription agreements with five of its directors. Pursuant to these subscription agreements, the Company issued and sold 62,500, 158,730, 63,492, 79,365 and 39,682 shares of Common Stock of the Company to Sharon Chadha, Par Chadha, Martin Akins, J. Coley Clark and John Rexford, respectively, for a purchase price of $0.1 million, $0.2 million, less than $0.1 million, $0.1 million and less than $0.1 million, respectively.

Payable and Receivable/Prepayment Balances with Affiliates

Payable and receivable/prepayment balances with affiliates as of March 31, 2022 and December 31, 2021 are as follows below.

	March 31, 2022		December 31, 2021	
	Receivables and Prepaid Expenses	Payables	Receivables and Prepaid Expenses	Payables
HOV Services, Ltd	$ 691	$ —	$ 708	$ —
Rule 14	—	1,466	—	1,483
HGM	28	—	7	—
Oakana	—	9	—	1
	$ 719	$ 1,475	$ 715	$ 1,484

13. Segment and Geographic Area Information

The Company's operating segments are significant strategic business units that align its products and services with how it manages its business, approaches the markets and interacts with its clients. The Company is organized into three segments: ITPS, HS, and LLPS.

ITPS: The ITPS segment provides a wide range of solutions and services designed to aid businesses in information capture, processing, decisioning and distribution to customers primarily in the financial services, commercial, public sector and legal industries.

HS: The HS segment operates and maintains a consulting and outsourcing business specializing in both the healthcare provider and payer markets.

LLPS: The LLPS segment provides a broad and active array of legal services in connection with class action, bankruptcy labor, claims adjudication and employment and other legal matters.

The chief operating decision maker reviews segment profit to evaluate operating segment performance and determine how to allocate resources to operating segments. "Segment profit" is defined as revenue less cost of revenue (exclusive

of depreciation and amortization). The Company does not allocate Selling, general, and administrative expenses, depreciation and amortization, interest expense and sundry, net. The Company manages assets on a total company basis, not by operating segment, and therefore asset information and capital expenditures by operating segments are not presented. A reconciliation of segment profit to net loss before income taxes is presented below.

	Three months ended March 31, 2022			
	ITPS	HS	LLPS	Total
Revenue	$ 205,007	$ 56,596	$ 17,795	$ 279,398
Cost of revenue (exclusive of depreciation and amortization)	163,586	46,731	13,187	223,504
Segment profit	41,421	9,865	4,608	55,894
Selling, general and administrative expenses (exclusive of depreciation and amortization)				43,040
Depreciation and amortization				18,212
Related party expense				1,987
Interest expense, net				39,760
Debt modification and extinguishment costs (gain), net				884
Sundry expense, net				307
Other expense, net				6,159
Net loss before income taxes				$ (54,455)

	Three months ended March 31, 2021			
	ITPS	HS	LLPS	Total
Revenue	$ 231,875	$ 51,093	$ 17,088	$ 300,056
Cost of revenue (exclusive of depreciation and amortization)	185,502	35,818	11,267	232,587
Segment profit	46,373	15,275	5,821	67,469
Selling, general and administrative expenses (exclusive of depreciation and amortization)				41,885
Depreciation and amortization				19,599
Related party expense				1,707
Interest expense, net				43,131
Sundry expense, net				213
Other expense, net				152
Net loss before income taxes				$ (39,218)

14. Subsequent Events

The Company has evaluated all events that occur after the balance sheet date through the date when these condensed consolidated financial statements were issued to determine if they must be reported.

Repayments on BRCC Facility

On April 1, 2022, we repaid $20.0 million of outstanding principal amount under the BRCC Facility in accordance with the amendment entered into on March 31, 2022. On May 9, 2022, we agreed to extend the maturity of the BRCC Facility to June 10, 2023.

Financing Commitment from PNC Bank

On May 6, 2022, the Company executed a commitment with PNC Bank for a three-year receivables financing facility to replace its existing Securitization Facility. The new PNC facility provides up to $150.0 million in committed financing and is expected to close on or before May 31, 2022.

Revolver Exchange

On May 6, 2022, we agreed to issue an additional $20.0 million 2026 Notes as collateral for the true up mechanism in the Revolver Exchange (see Note 5) and to repurchase certain 2026 Notes from the former revolver lenders during the second half of 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with our condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q. Among other things, the condensed consolidated financial statements include more detailed information regarding the basis of presentation for the financial data than included in the following discussion. Amounts in thousands of United States dollars.

Forward Looking Statements

Certain statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this quarterly report are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "may", "should", "would", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "seem", "seek", "continue", "future", "will", "expect", "outlook" or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, estimated or anticipated future results and benefits, future opportunities for Exela, and other statements that are not historical facts. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties regarding Exela's businesses and actual results may differ materially. The factors that may affect our results include, among others: the impact of political and economic conditions on the demand for our services; the impact of the COVID-19 pandemic; the impact of a data or security breach; the impact of competition or alternatives to our services on our business pricing and other actions by competitors; our ability to address technological development and change in order to keep pace with our industry and the industries of our customers; the impact of terrorism, natural disasters or similar events on our business; the effect of legislative and regulatory actions in the United States and internationally; the impact of operational failure due to the unavailability or failure of third-party services on which we rely; the effect of intellectual property infringement; and other factors discussed in this quarterly report and our Annual Report under the heading "Risk Factors", and otherwise identified or discussed in this quarterly report. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements, which speak only as of the date of this quarterly report. It is impossible for us to predict new events or circumstances that may arise in the future or how they may affect us. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this quarterly report. We are not including the information provided on any websites that may be referenced herein as part of, or incorporating such information by reference into, this quarterly report. In addition, forward-looking statements provide our expectations, plans or forecasts of future events and views as of the date of this quarterly report. We anticipate that subsequent events and developments may cause our assessments to change. These forward-looking statements should not be relied upon as representing our assessments as of any date subsequent to the date of this quarterly report.

Overview

Exela Technologies, Inc. ("Exela," the "Company", "we" or "us") is a global business process automation leader leveraging a global footprint and proprietary technology to help turn the complex into the simple through user friendly software platforms and solutions that enable our customers' digital transformation. We have decades of expertise earned from serving more than 4,000 customers worldwide, including many of the world's largest enterprises and over 60% of the Fortune® 100, in many mission critical environments across multiple industries, including banking, healthcare, insurance and manufacturing. Our technology-enabled solutions allow global organizations to address critical challenges resulting from the massive amounts of data obtained and created through their daily operations. Our solutions address the life cycle of transaction processing and enterprise information management, from enabling payment gateways and data exchanges across multiple systems, to matching inputs against contracts and handling exceptions, to ultimately depositing payments and distributing communications. Through cloud-enabled platforms, built on a configurable stack of automation modules, and approximately 17,000 employees operating in 21 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

We believe our process expertise, information technology capabilities and operational insights enable our customers' organizations to more efficiently and effectively execute transactions, make decisions, drive revenue and

profitability, and communicate critical information to their employees, customers, partners, and vendors. Our solutions are location agnostic, and we believe the combination of our hybrid hosted solutions and global work force in the Americas, EMEA and Asia offers a meaningful differentiation in the industries we serve and services we provide.

History

We are a former special purpose acquisition company that completed our initial public offering on January 22, 2015. In July 2017, Exela, formerly known as Quinpario Acquisition Corp. 2 ("Quinpario"), completed its acquisition of SourceHOV Holdings, Inc. ("SourceHOV") and Novitex Holdings, Inc. ("Novitex") pursuant to the business combination agreement dated February 21, 2017 ("Novitex Business Combination"). In conjunction with the completion of the Novitex Business Combination, Quinpario was renamed Exela Technologies, Inc.

The Novitex Business Combination was accounted for as a reverse merger for which SourceHOV was determined to be the accounting acquirer. Outstanding shares of SourceHOV were converted into our Common Stock, presented as a recapitalization, and the net assets of Quinpario were acquired at historical cost, with no goodwill or other intangible assets recorded. The acquisition of Novitex was treated as a business combination under ASC 805 and was accounted for using the acquisition method. The strategic combination of SourceHOV and Novitex formed Exela, which is one of the largest global providers of information processing solutions based on revenues.

Our Segments

Our three reportable segments are Information & Transaction Processing Solutions ("ITPS"), Healthcare Solutions ("HS"), and Legal & Loss Prevention Services ("LLPS"). These segments are comprised of significant strategic business units that align our TPS and EIM products and services with how we manage our business, approach our key markets and interact with our customers based on their respective industries.

ITPS: Our largest segment, ITPS, provides a wide range of solutions and services designed to aid businesses in information capture, processing, decisioning and distribution to customers primarily in the financial services, commercial, public sector and legal industries. Our major customers include many leading banks, insurance companies, and utilities, as well as hundreds of federal, state and government entities. Our ITPS offerings enable companies to increase availability of working capital, reduce turnaround times for application processes, increase regulatory compliance and enhance consumer engagement.

HS: HS operates and maintains a consulting and outsourcing business specializing in both the healthcare provider and payer markets. We serve the top healthcare insurance payers and hundreds of healthcare providers.

LLPS: Our LLPS segment provides a broad and active array of support services in connection with class action, bankruptcy labor, claims adjudication and employment and other legal matters. Our customer base consists of corporate counsel, government attorneys, and law firms.

Revenues

ITPS revenues are primarily generated from a transaction based pricing model for the various types of volumes processed, licensing and maintenance fees for technology sales, and a mix of fixed management fee and transactional revenue for document logistics and location services. HS revenues are primarily generated from a transaction based pricing model for the various types of volumes processed for healthcare payers and providers. LLPS revenues are primarily based on time and materials pricing as well as through transactional services priced on a per item basis.

People

We draw on the business and technical expertise of our talented and diverse global workforce to provide our customers with high-quality services. Our business leaders bring a strong diversity of experience in our industry and a track record of successful performance and execution.

As of March 31, 2022, we had approximately 17,000 employees globally, with 53% located in Americas and EMEA, and the remainder located primarily in India, the Philippines and China.

Costs associated with our employees represent the most significant expense for our business. We incurred personnel costs of $132.9 million and $139.5 million for the three months ended March 31, 2022 and 2021, respectively. The majority of our personnel costs are variable and incurred only while we are providing our services.

Key Performance Indicators

We use a variety of operational and financial measures to assess our performance. Among the measures considered by our management are the following:

- Revenue by segment;
- EBITDA; and
- Adjusted EBITDA

Revenue by segment

We analyze our revenue by comparing actual monthly revenue to internal projections and prior periods across our operating segments in order to assess performance, identify potential areas for improvement, and determine whether our segments are meeting management's expectations.

EBITDA and Adjusted EBITDA

We view EBITDA and Adjusted EBITDA as important indicators of performance of our consolidated operations. We define EBITDA as net income, plus taxes, interest expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus optimization and restructuring charges, including severance and retention expenses; transaction and integration costs; other non-cash charges, including non-cash compensation, (gain) or loss from sale or disposal of assets, and impairment charges; and management fees and expenses. See "—Other Financial Information (Non-GAAP Financial Measures)" for more information and a reconciliation of EBITDA and Adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

Three Months Ended March 31, 2022 compared to Three Months Ended March 31, 2021:

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Revenue:				
ITPS	$ 205,007	$ 231,875	$ (26,868)	(11.59)%
HS	56,596	51,093	5,503	10.77%
LLPS	17,795	17,088	707	4.14%
Total revenue	279,398	300,056	(20,658)	(6.88)%
Cost of revenue (exclusive of depreciation and amortization):				
ITPS	163,586	185,502	(21,916)	(11.81)%
HS	46,731	35,818	10,913	30.47%
LLPS	13,187	11,267	1,920	17.04%
Total cost of revenues	223,504	232,587	(9,083)	(3.91)%
Selling, general and administrative expenses (exclusive of depreciation and amortization)	43,040	41,885	1,155	2.76%
Depreciation and amortization	18,212	19,599	(1,387)	(7.08)%
Related party expense	1,987	1,707	280	16.40%
Operating profit (loss)	(7,345)	4,278	(11,623)	(271.69)%
Interest expense, net	39,760	43,131	(3,371)	(7.82)%
Debt modification and extinguishment costs (gain), net	884	—	884	100.00%
Sundry expense, net	307	213	94	44.13%
Other expense, net	6,159	152	6,007	3951.97%
Net loss before income taxes	(54,455)	(39,218)	(15,237)	38.85%
Income tax benefit (expense)	(2,501)	18	(2,519)	(13994.44)%
Net loss	$ (56,956)	$ (39,200)	$ (17,756)	45.30%

Revenue

For the three months ended March 31, 2022, our revenue on a consolidated basis decreased by $20.7 million, or 6.9%, to $279.4 million from $300.1 million for the three months ended March 31, 2021. We experienced revenue decline in ITPS segment and revenue growth in HS and LLPS segments. Our ITPS, HS, and LLPS segments constituted 73.4%, 20.3%, and 6.4% of total revenue, respectively, for the three months ended March 31, 2022, compared to 77.3%, 17.0%, and 5.7%, respectively, for the three months ended March 31, 2021. The revenue changes by reporting segment were as follows:

ITPS— For the three months ended March 31, 2022, revenue attributable to our ITPS segment decreased by $26.9 million, or 11.6% compared to the same period in the prior year. The majority of this revenue decline is attributable to exiting contracts and statements of work from certain customers with revenue that we believe was unpredictable, non-recurring and were not a strategic fit to Company's long-term success or unlikely to achieve the Company's long-term target margins ("transition revenue") in addition to lower transaction volumes as a result of COVID-19. ITPS segment revenue was also impacted adversely by $3.7 million attributable to the depreciation of the Euro and U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2022, compared to the three months ended March 31, 2021

HS— For the three months ended March 31, 2022, revenue attributable to our HS segment increased by $5.5 million, or 10.8% compared to the same period in the prior year primarily due to higher volumes from our new and existing healthcare customers.

LLPS— For the three months ended March 31, 2022, revenue attributable to our LLPS segment increased by $0.7 million, or 4.1% compared to the same period in the prior year primarily due to an increase in project based engagements in legal claims administration services.

Cost of Revenue

For the three months ended March 31, 2022, our cost of revenue decreased by $9.1 million, or 3.9%, compared to the three months ended March 31, 2021. Costs in our ITPS segment decreased by $21.9 million, or 11.8%, primarily attributable to the corresponding decline in revenues. HS segment costs increased by $10.9 million, or 30.5% primarily due to increases in employee-related cost on account of higher headcount (bench costs) to meet our customer forecasts. LLPS segment cost of revenue increased by $1.9 million, or 17.0%.

The decrease in cost of revenues on a consolidated basis was primarily due to a decrease in employee-related costs of $7.8 million, lower infrastructure and maintenance costs of $1.6 million and lower pass through costs of $1.9 milling and higher other operating costs of $2.2 million. The lower costs were attributable to improved cost and capacity management and corresponding lower revenue during the three months ended March 31, 2022.

Cost of revenue for the three months ended March 31, 2022 was 80.0% of revenue compared to the 77.5% for the comparable same period in the prior year.

Selling, General and Administrative Expenses

SG&A expenses increased $1.2 million, or 2.8%, to $43.0 million for the three months ended March 31, 2022, compared to $41.9 million for the three months ended March 31, 2021. The increase was primarily attributable to higher employee related costs by $1.6 million, higher travel costs of $0.7 million, higher infrastructure, maintenance and operating costs of $0.3 million, offset by lower legal and professional fees of $1.4 million. SG&A expenses increased as a percentage of revenues to 15.4% for the three months ended March 31, 2022 as compared to 14.0% for the three months ended March 31, 2021.

Depreciation & Amortization

Total depreciation and amortization expense was $18.2 million and $19.6 million for the three months ended March 31, 2022 and 2021, respectively. The decrease in total depreciation and amortization expense by $1.4 million was primarily due to a reduction in depreciation expense as a result of the expiration of the lives of assets acquired in prior periods and decrease in intangibles amortization expense due to end of useful lives for certain intangible assets during the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

Related Party Expenses

Related party expense was $2.0 million for the three months ended March 31, 2022 compared to $1.7 million for the three months ended March 31, 2021.

Interest Expense

Interest expense was $39.8 million for the three months ended March 31, 2022 compared to $43.1 million for the three months ended March 31, 2021.

Debt modification and extinguishment costs (gain), net

The Company recorded a debt extinguishment cost of $0.2 million in connection with partial prepayment of $50.0 million in cash on $100.0 million senior secured revolving facility maturing July 12, 2022 during the three months ended March 31, 2022. Apart from this, $0.7 million of exit fee paid on the partial prepayment of BRCC Term Loan was treated as a debt extinguishment cost.

Sundry Expense, net

The increase in expense by less than $0.1 million over the prior year period was primarily attributable to exchange rate fluctuations on foreign currency transactions.

Other Expense, net

Other expense, net was $6.2 million for the three months ended March 31, 2022 compared to other expense, net of 0.2 million for the three months ended March 31, 2021. We remeasured our true-up guarantee obligation under the Revolver Exchange as of March 31, 2022 and accrued an additional $6.2 million of true-up liability based on the market price for the 2026 Notes in Other expense, net.

Income Tax Expense (Benefit)

The Company recorded income tax expense of $2.5 million for the three months ended March 31, 2022 and an income tax benefit of less than $0.1 million for the three months ended March 31, 2021. The tax expense for the three months ended March 31, 2022 is higher than the three months ended March 31, 2021 largely due to year-over-year increase in profitability in non-US jurisdictions.

Other Financial Information (Non-GAAP Financial Measures)

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus taxes, interest expense, and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus optimization and restructuring charges, including severance and retention expenses; transaction and integration costs; other non-cash charges, including non-cash compensation, (gain) or loss from sale or disposal of assets, and impairment charges; and management fees and expenses.

We present EBITDA and Adjusted EBITDA because we believe they provide useful information regarding the factors and trends affecting our business in addition to measures calculated under GAAP. Additionally, our credit agreement requires us to comply with certain EBITDA related metrics.

Note Regarding Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA are not financial measures presented in accordance with GAAP. We believe that the presentation of these non GAAP financial measures will provide useful information to investors in assessing our financial performance and results of operations as our board of directors and management use EBITDA and 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 interest expense), asset base (such as depreciation and amortization) and items outside the control of our management team. Net loss is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. Our non GAAP financial measures should not be considered as alternatives to the most directly comparable GAAP financial measure. Each of these non GAAP financial measures has important limitations as analytical tools because they exclude some but not all items that affect the most directly comparable GAAP financial measures. 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. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of these non GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Three months Ended March 31, 2022 Compared to the Three months Ended March 31, 2021

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to our net loss, the most directly comparable GAAP measure, for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
Net Loss	$ (56,956)	$ (39,200)
Taxes	2,501	(18)
Interest expense	39,760	43,131
Depreciation and amortization	18,212	19,599
EBITDA	3,517	23,512
Optimization and restructuring expenses (1)	6,837	5,367
Transaction and integration costs (2)	3,704	4,648
Non-cash equity compensation (3)	317	387
Other charges including non-cash (4)	13,233	12,027
Loss/(Gain) on sale of assets (5)	(115)	(302)
Debt modification and extinguishment costs (gain), net	884	—
Loss/(Gain) on derivative instruments (6)	—	(125)
Contract costs (7)	7,751	952
Adjusted EBITDA	$ 36,128	$ 46,466

1. Adjustment represents net salary and benefits associated with positions, current vendor expenses and existing lease contracts that are part of the on-going savings and productivity improvement initiatives in process transformation, customer transformation and post-merger or acquisition integration.
2. Represents costs incurred related to transactions for completed or contemplated transactions during the period.
3. Represents the non-cash charges related to restricted stock units and options that vested during the year under the 2018 Stock Incentive Plan.
4. Represents fair value adjustments to deferred revenue and deferred rent accounts established as part of purchase accounting and other non-cash charges. Other charges include severance, retention bonus, facility consolidation and other transition costs.
5. Represents a loss/(gain) recognized on the disposal of property, plant, and equipment and other assets.
6. Represents the impact of changes in the fair value of an interest rate swap entered into during the fourth quarter of 2017.
7. Represents costs incurred on new projects, contract start-up costs and project ramp costs.

Liquidity and Capital Resources

Overview

Under ASC Subtopic 205-40, *Presentation of Financial Statements—Going Concern* (“ASC 205-40”), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. The following conditions raised substantial doubt about our ability to continue as a going concern: a history of net losses, net operating cash outflows, working capital deficits and significant cash payments for interest on our long-term debt. The Company has undertaken and completed several plans and actions to improve our available cash balances, liquidity or cash generated from operations, over the twelve month period from the date these financial statements are issued. Going concern matters are more fully discussed in Note 1, General.

At March 31, 2022, cash and cash equivalents totaled $82.0 million including restricted cash of $ 43.7 million and we had an approved borrowing capacity of a maximum of $51.0 million under our BRCC Revolver which, the Company anticipates, will become fully available in the course of 2022, of which $10.0 million is currently available to the Company.

We currently expect to spend approximately $15.0 to $20.0 million on total capital expenditures over the next twelve months. We will continue to evaluate additional capital expenditure needs that may arise due to changes in the business model due to COVID-19 and remote working.

As of March 31, 2022 and in comparison to December 31, 2021, the Company has reduced debt by $35.7 million including liabilities under Appraisal Action. With an objective to increase free cash flows and in order to maintain sufficient liquidity to support profitable growth, the Company is pursuing further reduction in debt and repricing of existing debt. The Company will continue to pursue the sale of certain non-core businesses that are not central to the Company's long-term strategic vision and invest in acquisition of businesses that enhance the value proposition. There can be no assurances that any of these initiatives will be consummated or will achieve its desired result.

On March 26, 2020, the Delaware Court of Chancery entered a judgment against one of our subsidiaries in the amount of $57.7 million inclusive of costs and interest arising out of the petition for appraisal pursuant to 8 Del. C. § 262 in the Delaware Court of Chancery, captioned Manichaean Capital, LLC, et al. v. SourceHOV Holdings, Inc., C.A. No. 2017 0673 JRS (pursuant to which former stockholders of SourceHOV sought, among other things, a determination of the fair value of their 10,304 SourceHOV shares at the time of the Novitex Business Combination) (the "Appraisal Action"). On December 31, 2021, we agreed to settle the Appraisal Action along with a separate case brought by the same plaintiffs for $63.4 million. Accordingly as of December 31, 2021, the Company accrued a liability of $63.4 million for these matters, all of which is expected to be paid during the first half of 2022 ($40.0 million having already been paid as of March 31, 2022).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The Company has implemented favorable provisions of the CARES Act, including the refundable payroll tax credits and the deferment of employer social security payments. At the end of 2021, the Company paid a portion of the deferred employer social security due as per IRS guidance. The remaining balance of deferred employer social security taxes will be paid by the end of fiscal 2022. The Company has utilized recently enacted COVID-19 relief measures in various European jurisdictions, including permitted deferrals of certain payroll, social security and value added taxes. At the end of 2021, the Company paid a portion of these deferred payroll taxes, social security and value added taxes. The remaining balance of deferred payroll taxes, social security and value added taxes will be paid by the end of fiscal 2022 as per deferment timeline.

On December 17, 2020, certain subsidiaries of the Company entered into a $145.0 million securitization facility with a five year term (the "Securitization Facility"). On December 17, 2020 the Company made the initial borrowing of approximately $92.0 million under the Securitization Facility and used a portion of the proceeds to repay previous securitization facility, which terminated on such date. The Company used the remaining proceeds for general corporate purposes.

On March 15, 2021, the Company, entered into a securities purchase agreement with certain accredited institutional investors pursuant to which the Company issued and sold to ten accredited institutional investors in a private placement an aggregate of 9,731,819 unregistered shares of the Company's Common Stock at a price of $2.75 per share and an equal number of warrants, generating gross proceeds to the Company of $26.8 million. Cantor Fitzgerald acted as underwriter in connection with such sale of unregistered securities and received a placement fee of 5.5% of gross proceeds in connection with such service. In selling the shares without registration, the Company relied on exemptions from registration available under Section 4(a)(2) of the Securities Act of 1933 and Rule 506 promulgated thereunder. Each private placement warrant entitles the holder to purchase one share of Common Stock, will be exercisable at an exercise price of $4.00 per share beginning on September 19, 2021 and will expire on September 19, 2026.

On May 27, 2021, the Company entered into an At Market Issuance Sales Agreement ("First ATM Agreement") with B. Riley Securities, Inc. ("B. Riley") and Cantor Fitzgerald & Co. ("Cantor"), as distribution agents under which the Company may offer and sell shares of the Company's Common Stock from time to time through the

Distribution Agents, acting as sales agent or principal. On September 30, 2021, the Company entered into a second At Market Issuance Sales Agreement with B. Riley, BNP Paribas Securities Corp., Cantor, Mizuho Securities USA LLC and Needham & Company, LLC, as distribution agents (together with the First ATM Agreement, the "ATM Agreement").

Sales of the shares of Common Stock under the ATM Agreement, will be in "at the market offerings" as defined in Rule 415 under the Securities Act, including, without limitation, sales made directly on or through the Nasdaq or on any other existing trading market for the Common Stock, as applicable, or to or through a market maker or any other method permitted by law, including, without limitation, negotiated transactions and block trades. Shares of Common Stock sold under the ATM Agreement are offered pursuant to the Company's Registration Statement on Form S-3 (File No. 333-255707), filed with the SEC on May 3, 2021, and declared effective on May 12, 2021 (the "2021 Registration Statement"), and the prospectus dated May 12, 2021 included in the 2021 Registration Statement and the related prospectus supplements for sales of shares of Common Stock as follows:

Supplement	Period	Number of Shares Sold	Weighted Average Price Per Share	Gross Proceeds	Net Proceeds
Prospectus supplement dated May 27, 2021 with an aggregate offering price of up to $100.0 million ("Common ATM Program–1")	May 28, 2021 and through July 1, 2021	49,423,706	$2.008	$99.3 million	$95.7 million
Prospectus supplement dated June 30, 2021 with an aggregate offering price of up to $150.0 million ("Common ATM Program–2")	June 30, 2021 and through September 2, 2021	57,580,463	$2.603	$149.9 million	$144.4 million
Prospectus supplement dated September 30, 2021 with an aggregate offering price of up to $250.0 million ("Common ATM Program–3")	October 6, 2021 through March 31, 2022	334,875,948	$0.747	$250.0 million	$241.0 million

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended March 31,		
	2022	2021	Change
Net cash used in operating activities	$ (44,045)	$ (63,925)	$ 19,880
Net cash used in investing activities	(8,407)	(2,281)	(6,126)
Net cash provided by financing activities	86,417	19,736	66,681
Subtotal	33,965	(46,470)	80,435
Effect of exchange rates on cash	(50)	(101)	51
Net increase (decrease) in cash and cash equivalents	33,915	(46,571)	80,486

Analysis of Cash Flow Changes between the three months ended March 31, 2022 and March 31, 2021

Operating Activities—The decrease of $19.9 million in net cash used in operating activities for the three months ended March 31, 2022 was primarily due to lower cash outflows from accounts receivable and cash inflow from accounts payable and accrued liabilities. This cash inflow is despite $40.0 million payment for the Appraisal Action made during the three months ended March 31, 2022. This decrease in cash used in operating activities was partially offset by lower cash provided by operating profits. The operating profits decreased by $13.0 million excluding depreciation and amortization, primarily due to lower revenue and employees-related investments on account of higher headcount (bench costs) to meet our customer forecasts.

Investing Activities—The increase of $6.1 million in net cash used in investing activities for the three months ended March 31, 2022 was primarily due to higher additions to property, plant and equipment, patents and development

of internal software in 2022 offset by cash proceeds received from asset sales. Property additions were primarily related to a purchase of the Company's European headquarters in Dublin, Ireland.

Financing Activities— Cash provided by financing activities during the three months ended March 31, 2022 was $86.4 million, primarily as a result of $114.5 million of net proceeds from equity offerings offset by repayments of our senior secured revolving facility and BRCC Facility of $72.1 million.

Cash provided by financing activities during the three months ended March 31, 2021 was $19.7 million, primarily as a result of $25.0 million of net proceeds from private placement of equity and $3.0 million borrowings from senior secured revolving facility offset by a net total of $9.1 million from other debt, repayments of our term loan, debt issuance costs and lease obligation payments.

Indebtedness

In connection with the Novitex Business Combination, we acquired debt facilities and issued notes totaling $1.4 billion. Proceeds from the indebtedness were used to pay off credit facilities existing immediately before the Novitex Business Combination.

Senior Credit Facilities

On July 12, 2017, subsidiaries of the Company entered into a First Lien Credit Agreement with Royal Bank of Canada, Credit Suisse AG, Cayman Islands Branch, Natixis, New York Branch and KKR Corporate Lending LLC (the "Credit Agreement") providing Exela Intermediate LLC, a wholly owned subsidiary of the Company, upon the terms and subject to the conditions set forth in the Credit Agreement, (i) a $350.0 million senior secured term loan maturing July 12, 2023 with an original issue discount of $7.0 million, and (ii) a $100.0 million senior secured revolving facility maturing July 12, 2022 (the "Revolving Credit Facility").

On July 13, 2018, we were able to refinance the $343.4 million of term loans then outstanding under the Credit Agreement (the "Repricing Term Loans") and borrowed an additional $30.0 million pursuant to incremental term loans (the "2018 Incremental Term Loans"). The proceeds of the 2018 Incremental Term Loans were used by the Company for general corporate purposes and to pay related fees and expenses.

On April 16, 2019, subsidiaries of the Company borrowed a further $30.0 million pursuant to incremental term loans (the "2019 Incremental Term Loans", and, together with the 2018 Incremental Terms Loans and Repricing Term Loans, the "Term Loans"). The proceeds of the 2019 Incremental Term Loans were used to replace cash spent for acquisitions, pay related fees, expenses and related borrowings for general corporate purposes.

The Term Loans bear interest at a rate per annum of, at the borrower's option, either (a) a LIBOR rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.0% floor, or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.5%, (ii) the prime rate and (iii) the one-month adjusted LIBOR plus 1.0%, in each case plus an applicable margin of 6.5% for LIBOR loans and 5.5% for base rate loans. The Term Loans will mature on July 12, 2023. As of March 31, 2022, the interest rate applicable for the first lien senior secured term loan was 7.5%.

The Term Loans are jointly and severally, irrevocably and unconditionally guaranteed by the nearly all of Company's U.S. subsidiaries, as a primary obligors and not merely as a sureties.

The borrower may voluntarily repay the Term Loans at any time, without prepayment premium or penalty, subject to customary "breakage" costs with respect to LIBOR rate loans. Other than as described above, the terms, conditions and covenants applicable to the Incremental Term Loans are consistent with the terms, conditions and covenants that were applicable to the Repricing Term Loans under the Credit Agreement.

On May 18, 2020, we amended the Credit Agreement to, among other things, extend the time for delivery of its audited financial statements for the year ended December 31, 2019 and its financial statements for the quarter ended

March 31, 2020. Pursuant to the amendment, we also agreed to amend the Credit Agreement to, among other things: restrict the borrower and its subsidiaries' ability to designate or invest in unrestricted subsidiaries; incur certain debt; create certain liens; make certain investments; pay certain dividends or other distributions on account of its equity interests; make certain asset sales or other dispositions (or utilize the proceeds of certain asset sales to reinvest in the business); or enter into certain affiliate transactions pursuant to the negative covenants under the Credit Agreement. In addition, pursuant to the amendment, the borrower under the Credit Agreement was required to maintain minimum Liquidity (as defined in the amendment) of $35.0 million.

On December 9, 2021, in a separate transaction referred to as "Private Exchange" (outside of the Public Exchange as discussed below), subsidiaries of the Company agreed with three (3) of their Term Loan lenders to exchange $212.1 million of Term Loans under the Credit Agreement for $84.3 million in cash and in $127.8 million principal amount of new 11.500% First-Priority Senior Secured Notes due 2026 (the "2026 Notes"). In connection with the Private Exchange transaction, the exchanging lenders provided consents to amend the Credit Agreement to (i) eliminate all affirmative covenants, (ii) eliminate all negative covenants and (iii) eliminate certain events of default (other than events of default relating to payment obligations).

As a result of the Private Exchange, repurchases (as discussed below) and periodic principal repayments, $88.1 million aggregate principal amount of the senior secured term loan remains outstanding as of March 31, 2022.

Revolving Credit Facility; Letters of Credit

As of December 31, 2021, our $100 million Revolving Credit Facility was fully drawn taking into account letters of credit issued thereunder. As of December 31, 2021, there were outstanding irrevocable letters of credit totaling approximately $0.5 million under the Revolving Credit Facility.

On March 7, 2022, subsidiaries of the Company entered into a Revolving Loan Exchange and Prepayment Agreement with Royal Bank of Canada, Credit Suisse AG, Cayman Islands Branch, KKR Corporate Lending LLC, Granite State Capital Master Fund LP, Credit Suisse Loan Funding LLC and Revolvercap Partners Fund LP exchanging $100.0 million of outstanding Revolving Credit Facility owed by Exela Intermediate LLC, upon the terms and subject to the conditions set forth in the Revolver Exchange agreement, for (i) $50.0 million in cash, and (ii) $50.0 million of 2026 Notes (such exchange, the "Revolver Exchange" and such 2026 Notes, the "Exchange Notes").

The Exchange Notes are subject to a guarantee in the form of a true-up mechanism whereby the Company is responsible to make a payment to the holders of the Exchange Notes to true-up the shortfall below certain agreed thresholds if holders of the Exchange Notes sell their notes at a price below that threshold during agreed periods in 2022. The amounts payable under the true-up mechanism will be settled in cash payments to the holder of the Exchange Notes.

Senior Secured 2023 Notes

Upon the closing of the Novitex Business Combination on July 12, 2017, subsidiaries of the Company issued $1.0 billion in aggregate principal amount of 10.0% First Priority Senior Secured Notes due 2023 (the "2023 Notes"). The 2023 Notes bear interest at a rate of 10.0% per year. We pay interest on the 2023 Notes on January 15 and July 15 of each year, commencing on January 15, 2018. The 2023 Notes are jointly and severally, irrevocably and unconditionally guaranteed by the nearly all of Company's U.S. subsidiaries, on a senior basis, as a primary obligors and not merely as a sureties. The 2023 Notes will mature on July 15, 2023.

On October 27, 2021, we launched an offer to exchange (the "Public Exchange") up to $225.0 million in cash and new 11.500% First-Priority Senior Secured Notes due 2026 (the "2026 Notes") issued by subsidiaries of the Company's for the outstanding 2023 Notes. The Public Exchange was for $900 in cash per $1,000 principal amount of 2023 Notes tendered subject to proration. The maximum amount of cash to be paid was $225.0 million and the offer was not subject to any minimum participation condition. In case of oversubscription to the cash offer, tendered 2023 Notes would be accepted for cash on a pro rata basis (as a single class). The balance of any tendered 2023 Notes not accepted for cash would be exchanged into 2026 Notes on the basis of $1,000 principal amount of new 2026 Notes for each $1,000 principal amount of outstanding 2023 Notes tendered.

As of the expiration time of the Public Exchange, $912,660,000 aggregate principal amount, or approximately 91.3%, of the 2023 Notes were validly tendered pursuant to the Public Exchange. On December 9, 2021, upon the settlement of the Public Exchange, $662,660,000 aggregate principal amount of the 2026 Notes were issued and an aggregate $225.0 million in cash (plus accrued but unpaid interest) was paid to participating holders in respect of the validly tendered 2023 Notes.

As a result of the Public Exchange and repurchases (as discussed below), $22.8 million aggregate principal amount of the 2023 Notes remains outstanding as of March 31, 2022.

In conjunction with the Public Exchange, we also solicited consents to amend certain provisions in the indenture governing the 2023 Notes ("Notes Amendments"). On December 1, 2021, on receipt of the requisite consents to the Notes Amendments, the Company, and Wilmington Trust, National Association, as trustee (the "2023 Notes Trustee"), entered into a third supplemental indenture (the "Third Supplemental Indenture") to the indenture, dated as of July 12, 2017 (as amended and supplemented by (i) the first supplemental indenture, dated as of July 12, 2017 and (ii) the second supplemental indenture, dated as of May 20, 2020, the "2023 Notes Indenture") governing the outstanding 2023 Notes. The Third Supplemental Indenture amends the 2023 Notes Indenture and the 2023 Notes to eliminate substantially all of the restrictive covenants, eliminate certain events of default, modify covenants regarding mergers and consolidations and modify or eliminate certain other provisions, including certain provisions relating to future guarantors and defeasance, contained in the 2023 Notes Indenture and the 2023 Notes. In addition, all of the collateral securing the 2023 Notes was released pursuant to the Third Supplemental Indenture.

Senior Secured 2026 Notes

As of December 31, 2021, subsidiaries of the Company had $795.0 million aggregate outstanding principal amount of the 2026 Notes including $790.5 million in aggregate principal amount issued under the Public Exchange and Private Exchange transactions described above.

During the three months ended March 31, 2022, subsidiaries of the Company sold $81.5 million in aggregate of principal amount of the 2026 Notes generating net proceeds of $49.8 million. On March 18, 2022, the subsidiaries of the Company issued $50.0 million of the 2026 Notes to satisfy the exchange obligation under the Revolver Exchange. The 2026 Notes are guaranteed by certain subsidiaries of the Company. The 2026 Notes bear interest at a rate of 11.5% per year. We will pay interest on the 2026 Notes on January 15 and July 15 of each year, commencing on July 15, 2022. The 2026 Notes will mature on July 12, 2026.

On or after December 1, 2022, we may redeem the 2026 Notes in whole or in part from time to time, at a redemption price of 100%, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, prior to December 1, 2022, we may redeem the 2026 Notes in whole or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. "Applicable Premium" means, with respect to any 2026 Note on any applicable redemption date, as determined by us, the greater of: (1) 1% of the then outstanding principal amount of the 2026 Note; and (2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the 2026 Note, at December 1, 2022 plus (ii) all required interest payments due on the 2026 Note through December 1, 2022 (excluding accrued but unpaid interest), computed using a discount rate equal to the treasury rate as of such redemption date plus 50 basis points; over (b) the then outstanding principal amount of the 2026 Note.

Repurchases

In July 2021 we commenced a debt buyback program to repurchase 2023 Notes and senior secured term loans under the Credit Agreement, which remains in place. During the year ended December 31, 2021, we repurchased $64.5 million of the outstanding principal amount of our 2023 Notes for a net cash consideration of $48.4 million. During the year ended December 31, 2021, we also repurchased $40.0 million of outstanding principal amount of Term Loans under the Credit Agreement for a net cash consideration of $22.8 million. These repurchases resulted in an early

extinguishment of the repurchased 2023 Notes and senior secured term loans. The Company did not repurchase any senior secured term loans and 2023 Notes during the three months ended March 31, 2022.

BRCC Facility

On November 17, 2021, GP2 XCV, LLC, a subsidiary of the Company ("GP2 XCV"), entered into a borrowing facility with B. Riley Commercial Capital, LLC pursuant to which the Company was able to borrow an original principal amount of $75.0 million, which was later increased to $115.0 million as of December 7, 2021 (as the same may be amended from time to time, the "BRCC Term Loan"). On March 31, 2022, GP2 XCV entered into an amendment to the borrowing facility with B. Riley Commercial Capital, LLC pursuant to which the Company will be able to borrow up to $51.0 million under a separate revolving loan (the "BRCC Revolver", collectively with BRCC Term Loan, the "BRCC Facility"). There was $10.0 million of availability under this revolving facility as of March 31, 2021.

The BRCC Facility is secured by a lien on all the assets of GP2 XCV and by a pledge of the equity of GP2 XCV. GP2 XCV is a bankruptcy-remote entity and as such its assets are not available to other creditors of the Company or any of its subsidiaries other than GP2 XCV. The BRCC Facility will mature on June 10, 2023. However, the BRCC Revolver is subject to certain automatic maturity extensions of six months, unless B. Riley Commercial Capital, LLC or the Company notifies the other party about its election not to extend. In such event, the outstanding principal amount of the BRCC Revolver as of the maturity shall be due and payable in 12 equal installments on the last business day of each calendar month thereafter. Interest under the BRCC Facility accrues at a rate of 11.5% per annum and is payable quarterly on the last business day of each March, June, September and December. The purpose of BRCC Term Loan was to fund certain repurchases of Term Loan under the Credit Agreement and to provide funding for the Public Exchange transaction and Private Exchange transaction described above. The purpose of BRCC Revolver is to fund general corporate purposes.

During the three months ended March 31, 2022, we repaid $22.7 million of outstanding principal amount under the BRCC Term Loan along with $0.7 million of exit fee. As of March 31, 2022, there were borrowings of $92.3 million outstanding under the BRCC Term Loan maturing June 10, 2023.

Securitization Facility

On December 17, 2020, certain subsidiaries of Company closed on Securitization Facility with a five year term. The Securitization Facility provided for an initial funding of approximately $92.0 million supported by the receivables portion of the borrowing base and, subject to contribution, a further funding of approximately $53.0 million supported by inventory and intellectual property. On December 17, 2020 we made the initial borrowing of approximately $92.0 million under the Securitization Facility and used a portion of the proceeds to repay $83.0 million of the aggregate outstanding principal amount of loans as of December 17, 2020 under a previous $160.0 million accounts receivable securitization facility ("A/R Facility") and used the remaining proceeds for general corporate purposes.

The initial documentation for the Securitization Facility includes (i) a Loan and Security Agreement (the "Securitization Loan Agreement"), dated as of December 10, 2020, by and among Exela Receivables 3, LLC (the "Securitization Borrower"), a wholly-owned indirect subsidiary of the Company, the lenders (each, a "Securitization Lender" and collectively the "Securitization Lenders"), Alter Domus (US), LLC, as administrative agent (the "Securitization Administrative Agent") and the Company, as initial servicer, pursuant to which the Securitization Lenders will make loans to the Securitization Borrower to be used to purchase receivables and related assets from the Securitization Parent SPE (as defined below), (ii) a First Tier Receivables Purchase and Sale Agreement (the, dated as of December 17, 2020, by and among Exela Receivables 3 Holdco, LLC (the "Securitization Parent SPE"), a wholly-owned indirect subsidiary of the Company, and certain other indirect, wholly-owned subsidiaries of the Company listed therein (collectively, the "Securitization Originators"), and the Company, as initial servicer, pursuant to which each Securitization Originator has sold or contributed and will sell or contribute to the Securitization Parent SPE certain receivables and related assets in consideration for a combination of cash and equity in the Securitization Parent SPE, (iii) a Second Tier Receivables Purchase and Sale Agreement, dated as of December 17, 2020, by and among, the Securitization Borrower, the Securitization Parent SPE and the Company, as initial servicer, pursuant to which Securitization Parent SPE has sold or contributed and will sell or contribute to the Securitization Borrower certain

receivables and related assets in consideration for a combination of cash and equity in the Securitization Borrower, (iv) the Sub-Servicing Agreement, dated as of December 17, 2020, by and among the Company and each Securitization Originator, (v) the Pledge and Guaranty, dated as of the December 10, 2020, between the Securitization Parent SPE and the Administrative Agent, and (vi) the Performance Guaranty, dated as of December 17, 2020, between the Company, as performance guarantor, and the Securitization Administrative Agent (and together with all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered in connection with the Securitization Loan Agreement, the "Securitization Agreements"). On April 11, 2021, the Company amended the Securitization Loan Agreement and agreed to, among other things, extend the option to contribute inventory and intellectual property to the borrowing base from April 10, 2021 to September 30, 2021 (which did not occur).

The Securitization Borrower, the Company, the Securitization Parent SPE and the Securitization Originators provide customary representations and covenants under the Securitization Agreements. The Securitization Loan Agreement provides for certain events of default upon the occurrence of which the Securitization Administrative Agent may declare the facility's termination date to have occurred and declare the outstanding Securitization Loan and all other obligations of the Securitization Borrower to be immediately due and payable, however the Securitization Facility does not include an ongoing liquidity covenant like the A/R Facility and aligns reporting obligations with the Company's other material indebtedness agreements.

The Securitization Borrower and Securitization Parent SPE were formed in December 2020, and are consolidated into the Company's financial statements. The Securitization Borrower and Securitization Parent SPE are bankruptcy remote entities and as such their assets are not available to creditors of the Company or any of its subsidiaries. Each loan under the Securitization Facility bears interest on the unpaid principal amount as follows: (i) if a Base Rate Loan, at a rate per annum equal to (x) the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted LIBOR Rate (as defined in the Securitization Loan Agreement) plus 1.00%, plus (y) 8.75%; or (ii) if a LIBOR Rate Loan, at the Adjusted LIBOR Rate plus 9.75%. As of March 31, 2022, there were borrowings of $91.9 million outstanding under the Securitization Facility.

Potential Future Transactions

We may, from time to time explore and evaluate possible strategic transactions, which may include joint ventures, as well as business combinations or the acquisition or disposition of assets. In order to pursue certain of these opportunities, additional funds will likely be required. Subject to applicable contractual restrictions, to obtain such financing, we may seek to use cash on hand, borrowings under our revolving credit facilities, or we may seek to raise additional debt or equity financing through private placements or through underwritten offerings. There can be no assurance that we will enter into additional strategic transactions or alliances, nor do we know if we will be able to obtain the necessary financing for transactions that require additional funds on favorable terms, if at all. In addition, pursuant to the Registration Rights Agreement that we entered into in connection with the closing of the Novitex Business Combination, certain of our stockholders have the right to demand underwritten offerings of our Common Stock. We may from time to time in the future explore, with certain of those stockholders the possibility of an underwritten public offering of our Common Stock held by those stockholders. There can be no assurance as to whether or when an offering may be commenced or completed, or as to the actual size or terms of the offering.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Risk

At March 31, 2022, we had $1,251.4 million of debt outstanding, with a weighted average interest rate of 11.1%. Interest is calculated under the terms of our credit agreement based on the greatest of certain specified base rates plus an applicable margin that varies based on certain factors. Assuming no change in the amount outstanding, the impact on interest expense of a 1% increase or decrease in the assumed weighted average interest rate would be approximately $12.5 million per year. In order to mitigate interest rate fluctuations with respect to term loan borrowings under the Credit Agreement, in November 2017, we entered into a three year one-month LIBOR interest rate swap contract with a notional amount of $347.8 million, which at the time was the remaining principal balance of the term

loan. The swap contract swaps out the floating rate interest risk related to the LIBOR with a fixed interest rate of 1.9275% effective January 12, 2018. The interest rate swap contract expired in January 2021.

The interest rate swap, which was used to manage our exposure to interest rate movements and other identified risks, was not designated as a hedge. As such, changes in the fair value of the derivative are recorded directly to other expense (income), net. Other expense (income), net includes a gain of $0.1 million related to changes in the fair value of the interest rate swap for the three months ended March 31, 2021.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include transaction gains and losses associated with intercompany loans with foreign subsidiaries and transactions denominated in currencies other than a location's functional currency. Contracts are denominated in currencies of major industrial countries.

Market Risk

We are exposed to market risks primarily from changes in interest rates and foreign currency exchange rates. We do not use derivatives for trading purposes, to generate income or to engage in speculative activity.

Item 4. Internal Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that material information required to be disclosed in our reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting that are described in our Annual Report.

Notwithstanding such material weaknesses in internal control over financial reporting, our management, including our CEO and CFO, has concluded that our consolidated financial statements present fairly, in all material respects, our financial position, results of our operations and our cash flows for the periods presented in this Quarterly Report, in conformity with U.S. generally accepted accounting principles.

Remediation

As previously described in Part II—Item 9A – Controls and Procedures of our Annual Report, we continue to implement a remediation plan to address the material weaknesses mentioned above. The weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter-ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Appraisal Action

On September 21, 2017, former stockholders of SourceHOV, who owned 10,304 shares of SourceHOV common stock, filed an Appraisal Action. The Appraisal Action arose out of a preliminary transaction in connection with the Novitex Business Combination, and the petitioners sought, among other things, a determination of the fair value of their shares at the time of the Novitex Business Combination; an order that SourceHOV pay that value to the petitioners, together with interest at the statutory rate; and an award of costs, attorneys' fees, and other expenses. During the trial the parties and their experts offered competing valuations of the SourceHOV shares as of the date of the Novitex Business Combination. SourceHOV argued the value was no more than $1,633.85 per share and the petitioners argued the value was at least $5,079.28 per share. On January 30, 2020, the Court issued its post-trial Memorandum Opinion in the Appraisal Action, in which it found that the fair value of SourceHOV as of the date of the Novitex Business Combination was $4,591 per share, and on March 26, 2020, the Court issued its final order awarding the petitioners $57,698,426 inclusive of costs and interest. Per the Court's opinion, the legal rate of interest, compounded quarterly, accrues on the per share value from the July 2017 closing date of the Novitex Business Combination until the date of payment to petitioners.

SourceHOV appealed the judgment in the Appraisal Action on September 30, 2020. On January 22, 2021, the Delaware Supreme Court affirmed the judgment of the Delaware Court of Chancery in favor of the petitioners.

The petitioners filed several additional actions to recognize the judgment against SourceHOV, including an action alleging unjust enrichment and seeking restitution and to pierce the corporate veil and seek alter ego liability against Exela Technologies, Inc. and over 50 alleged subsidiaries and/or affiliates in an attempt to collect the award in the Appraisal Action from entities other than SourceHOV, and an action against SourceHOV and certain of its directors and officers alleging creditor derivative claims relating to the Company's securitization facility.

On December 31 2021, SourceHOV agreed to settle the Appraisal Action along with a separate case brought by the same plaintiffs for $63.4 million. Accordingly, as of December 31, 2021, the Company accrued a liability of $63.4 million for these matters, all of which is expected to be paid during the first half of 2022 ($40.0 million having already been paid as of March 31, 2022).

Class Action

On March 23, 2020, the Plaintiff, Bo Shen, filed a putative class action against the Company, Ronald Cogburn, the Company's Chief Executive Officer, and James Reynolds, the Company's former Chief Financial Officer. Plaintiff claims to be a current holder of 1,333 shares of Company stock, purchased on October 4, 2019 at $4.02/share. Plaintiff asserts two claims covering the purported class period of March 16, 2018 to March 16, 2020: (1) a violation of Section 10(b) and Rule 10b-5 of the Exchange Act against all defendants; and (2) a violation of Section 20(a) of the Exchange Act against Mr. Cogburn and Mr. Reynolds. The allegations stem from the Company's press release, dated March 16, 2020 (announcing the postponement of the earnings call and delay in filing of its annual report on Form 10-K for the fiscal year ended December 31, 2019), and press release and related SEC filings, dated March 17, 2020 (announcing its intent to restate its financial statements for 2017, 2018 and interim periods through September 30, 2019). The Company moved to dismiss the case and the Company's motion was granted in its entirety on June 24, 2021. Plaintiffs filed an amended complaint by the Court's deadline on August 5, 2021, and the Company moved to dismiss this amended complaint on September 3, 2021, which dismissal was denied on January 21, 2022, permitting the case to move forward. At this time, it is not practicable to render an opinion about whether an unfavorable outcome is probable or remote with respect to this matter; however, the Company believes it has meritorious defenses and will continue to vigorously assert them.

Derivative Action

On July 8, 2020 Plaintiff Gregory McKenna filed a shareholder derivative action asserting the following claims against current and former directors and officers of Exela: (1) Violations of Section 14(a) of the Exchange Act; (2) Violations of Section 10(b) and Rule 10b-5 of the Exchange Act; (3) Violations of Section 20(a) of the Exchange Act; (4) breach of fiduciary duty; (5) unjust enrichment; and (6) waste of corporate assets. On December 21, 2020, Plaintiffs Richard W. Moser and Jonathan Gonzalez filed a substantially similar shareholder derivative action, which has been consolidated with the McKenna action. The claims stem from substantially the same factual allegations set forth in the Shen securities class action lawsuit, described above. At this time, it is not practicable to render an opinion about whether an unfavorable outcome is probable or remote with respect to this matter; however, the Company believes it has meritorious defenses and will vigorously assert them.

Other

We are, from time to time, involved in other legal proceedings, inquiries, claims and disputes, which arise in the ordinary course of business. Although our management cannot predict the outcomes of these matters, our management believes these actions will not have a material, adverse effect on our financial position, results of operations or cash flows.

On March 3, 2022, a plaintiff filed a shareholder derivative action alleging that the amendment of the Company’s 2018 Stock Incentive Plan (reported elsewhere in this Annual Report) was not properly approved in accordance with Exela's bylaws. At this time, it is not practicable to render an opinion about whether an unfavorable outcome is probable or remote with respect to this matter; however, the Company believes the relief sought would have minimal impact on the financial statements, and in any event, that it has meritorious defenses to the claims alleged.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which could materially affect our business, financial condition and/or operating results. The risks described in those Risk Factors are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None**.**

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6.Exhibits.

Exhibit No.	Description
3.1	Certificate of Designations, Preferences, Rights and Limitations of Series B Cumulative Convertible Perpetual Preferred Stock, dated March 10, 2022 (1)
10.1	Transition Agreement, dated as of March 31, 2022, by and between Exela Technologies, Inc. and Ronald C. Cogburn.
10.2	Amended and Restated Secured Promissory Note, dated as of December 7, 2021 by and between GP 2XCV LLC and B. Riley Commercial Capital, LLC.
10.3	Amendment No. 1 to Amended and Restated Secured Promissory Note, dated as of January 13, 2022 by and between GP 2XCV LLC and B. Riley Commercial Capital, LLC.
10.4	Amendment No. 2 to Amended and Restated Secured Promissory Note, dated as of March 31, 2022 by and between GP 2XCV LLC and B. Riley Commercial Capital, LLC.
10.5	Revolving Loan Exchange and Prepayment Agreement, dated March 7, 2022, by and among Exela Intermediate Holdings, LLC, Exela Intermediate LLC, and the revolving lenders party thereto(2)
31.1	Certification of the Principal Executive Officer required by Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of the Principal Financial and Accounting Officer required by Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certification of the Principal Executive Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of the Principal Financial and Accounting Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

(1) Incorporated by reference from Exhibit (a)(1)(N) to Amendment No. 11 to Schedule TO, filed by the Company with the Securities and Exchange Commission on March 11, 2022.

(2) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2021, filed on March 16, 2022.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 10th day of May 2022.

EXELA TECHNOLOGIES, INC.

By: /s/ Ronald Cogburn
Ronald Cogburn
Chief Executive Officer (Principal Executive Officer)

By: /s/ Shrikant Sortur
Shrikant Sortur
Chief Financial Officer (Principal Financial and Accounting Officer)

TRANSITION AGREEMENT

This TRANSITION AGREEMENT (the "Agreement") is entered into by and between Exela Technologies, Inc. (the "Company") and Ronald C. Cogburn (the "undersigned"), as of March 31, 2022.

RECITALS

WHEREAS, the undersigned has served the Company as its Chief Executive Officer and as a member of its Board of Directors (the "Board"); and

WHEREAS, the Company and the undersigned have mutually agreed that, effective as of April 30, 2022 (the "Effective Date"), the undersigned shall resign from his role as Chief Executive Officer of the Company and all other officer and director positions with the Company and its subsidiaries, other than as a member of the Board, in each case subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and the undersigned hereby agree as follows:

1. Effect of the Effective Date; Services Following the Effective Date.

   (a) Effective as of the Effective Date, the undersigned does hereby resign as Chief Executive Officer of the Company and all other officer and director positions with the Company and its subsidiaries, other than as a member of the Board. The undersigned shall execute such resignation letters and other instruments as may be reasonably requested by the Company or any subsidiary from time to time to evidence such resignations.

   (b) From and after the Effective Date, the undersigned shall continue to serve as a member of the Board as a Class A Director, subject to the Second Amended and Restated Certificate of Incorporation of the Company, dated July 12, 2017 (the "Certificate of Incorporation"), and the By Laws of the Company (the "By Laws"), in each case as such instruments may be amended from time to time.

   (c) From and after the Effective Date, as a non-employee member of the Board, the undersigned shall be entitled to payment and expense reimbursement pursuant to the Company's director remuneration and expense reimbursement policies applicable to non-employee members of the Board as in effect from time to time (provided that, for the avoidance of doubt, the undersigned shall not be entitled to the initial equity grant or any cash payments provided to newly appointed non-employee directors and the undersigned shall be entitled to receive a pro-rated portion of any annual grants based on the date of his becoming a non-employee director (i.e., the Effective Date)), but no other remuneration for 2022 except as specifically set forth herein.

(d) Notwithstanding anything to the contrary, until the Effective Date, the undersigned's employment with the Company and its subsidiaries shall continue to be on an at-will basis; provided that the Company and the undersigned may mutually agree to curtail or extend the Effective Date to coincide with the undersigned's last day of employment for any reason.

2. Treatment of Company Stock Options.

(a) The undersigned currently holds the following equity incentive awards granted to him by the Company under the Company's 2018 Stock Incentive Plan (the "Stock Incentive Plan"):

i. Options to purchase 37,000 shares of the Company's common stock granted on August 31, 2018 with a per share exercise price of $17.94; and

ii. Options to purchase 37,000 shares of the Company's common stock granted on August 26, 2019 with a per share exercise price of $3.90; collectively, the "Options"); and

(b) As permitted under the Stock Incentive Plan, the Company and the undersigned acknowledge and agree that the resignations of the undersigned herein shall not constitute a "Termination" under the Stock Incentive Plan with respect to the Options by reason of the undersigned's continued service to the Company as a member of the Board, with the following agreed consequences: (1) the forfeiture of the unvested portion of the Options shall not occur by reason of such resignations; (2) the unvested Options shall continue to vest during the undersigned's continued service to the Company as a member of the Board; and (3) the obligation to exercise vested Options within a limited period of time following a "Termination" shall not be applicable during the undersigned's continued service to the Company as a member of the Board.

(c) The Company and the undersigned further agree that, if the undersigned fails to be re-elected to the Board, or is otherwise removed as a director or resigns his position as a director on the Board and the undersigned is at that time no longer of continued service to the Company in any other capacity (the date the undersigned no longer is of service to the Company as a member of the Board or in any other capacity, the "Separation Date"), then the vested Options held by the undersigned as of the Separation Date may be exercised for a period of two (2) years following the Separation Date or until the Options' stated expiration date, whichever is earlier.

3. Cash Severance Payment and Continued Benefits.

(a) In consideration of the undersigned's entry into this Agreement and the performance of his obligations hereunder, the Company shall pay the

undersigned a cash severance payment of $565,000.00, less all applicable withholdings and deductions (the "Severance Payment"). The Severance Payment shall be paid in a cash lump sum within five (5) business days following the execution of this Agreement by both Parties. The Severance Payment is intended to be in the nature of salary continuation and is being paid for the purpose of providing financial assistance to the undersigned during the period between the Effective Date and the date of commencement of employment with a future employer, and in no event shall be considered a bonus or other incentive-based payment. The undersigned shall have no obligation to mitigate the amount of the Severance Payment nor shall the Severance Payment be subject to recoupment or reduction for future wages or otherwise.

(b) Subject to the undersigned's continued enrollment in medical insurance coverage, the Company shall, for the 24-month period following the Effective Date agree to reimburse the undersigned's medical insurance coverage, as well as the insurance coverage for the undersigned's spouse (the "Benefit Continuation") up to $1,250.00 per month. Any portion of the monthly expense of the Benefit Continuation for which the Company is responsible shall be in the form of reimbursement for medical insurance premiums in accordance with the customary practice of the Company.

(c) Following the Effective Date, the undersigned shall be entitled to (x) vested employee benefits under the Company's employee benefit plans to which the undersigned is entitled as a former employee of the Company (provided, that for the avoidance of doubt, the benefits set forth in Section 3(a) of this Agreement are in lieu of, and not in addition to, any severance or similar cash-based termination benefits payable under any plan or arrangement sponsored or agreed to by the Company or of its subsidiaries will be available to the undersigned), (y) reimbursement of any business expenses properly incurred prior to the Effective Date under the Company's expense reimbursement policy, and (z) any benefits to which he is entitled under applicable law.

(d) The Company shall also provide the undersigned with board education and training to facilitate his potential service on other boards of directors by reimbursing and/or advancing the one-time costs of his NACD membership and the one-time cost of Directorship Certification (the Complete Certification Package).

(e) Notwithstanding the foregoing, in the event that any amount of cash is paid prior to the expiration of the Revocation Period (as defined below) and the undersigned revokes this Agreement as provided herein following such payment, the undersigned shall include with such notice of revocation the repayment of the amount so paid.

4. Consulting Agreement.

On the Effective Date, the Company and the undersigned shall enter into a consulting agreement in the form attached hereto as Exhibit A.

5. Continued Right to Indemnification; Advancement of Expenses.

(a) To the fullest extent permitted by Delaware law, the Company shall indemnify the undersigned from any and all claims in any way dealing with his service to the Company and its subsidiaries prior to the Effective Date. Nothing in this Agreement shall be construed to limit the right of the undersigned to full indemnification in respect of his service to the Company and its subsidiaries under Article SIXTH of the Certificate of Incorporation and Article VII of the By Laws, as an insured under any directors and officer's liability insurance policy maintained by the Company or any of its subsidiaries, or under applicable law.

(b) In no event shall the rights of indemnification provided to the undersigned by the Company be less than the indemnification provided by the Company to other former officers of the Company.

(c) As provided under Section 7.4 of the By Laws, upon presentation by the undersigned of invoices and such reasonable supporting documentation as the Company may reasonably require, the Company does hereby agree to advance the expenses (including attorneys' fees) incurred by the undersigned in respect of any matter to which Article SIXTH of the Certificate of Incorporation and Article VII of the By Laws applies, subject to the rights of recoupment by the Company under the conditions provided therein and the Company's receipt of an undertaking from the undersigned as provided therein.

6. Confidentiality; Non-Disparagement.

(a) Confidentiality. The undersigned recognizes and acknowledges that the undersigned has received, and in his capacity as a non-employee member of the Board will receive, certain confidential and proprietary information and trade secrets of the Company and its subsidiaries, including, without limitation, customer information, pricing information, financial plans, business plans, business concepts, supplier information, know-how and intellectual property and materials related thereto (the "Confidential Information"). The undersigned agrees that the undersigned will not, directly or indirectly, disclose or use in any manner any Confidential Information, except in connection with the carrying out of the undersigned's services as a non-employee member of the Board, or as required by applicable law.

(b) Nondisparagement.

i. The undersigned shall not, in any communications with any third party, criticize, ridicule or make any statement which disparages, portrays in a negative light, is derogatory of, or otherwise impairs the reputation, goodwill or commercial interests of, the Company or any of its subsidiaries, or any of their officers, directors or employees.

ii. Neither the Company nor any of its subsidiaries (by press release or other formal statement) shall criticize, ridicule or make any statement which disparages, portrays in a negative light, is derogatory of, or otherwise impairs the reputation, goodwill or commercial interests of the undersigned. In addition, the Company shall use reasonable efforts to cause its subsidiaries and the officers and directors of each of the Company and its subsidiaries not to, in any communications with any third party, criticize, ridicule or make any statement which disparages, portrays in a negative light, is derogatory of, or otherwise impairs the reputation, goodwill or commercial interests of the undersigned.

(c) Notwithstanding the foregoing, no provision of this Agreement shall be construed to (x) prohibit the undersigned or the Company from providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company or any of its subsidiaries by any government agency or other regulator that is responsible for enforcing a law on behalf of the government or otherwise providing information to the appropriate government regulatory agency or body regarding conduct or action undertaken or omitted to be taken by the Company or its subsidiaries or the undersigned that the undersigned or the Company reasonably believes is illegal or in material non-compliance with any financial disclosure or other regulatory requirement applicable to the Company or any subsidiary or (y) require the undersigned or the Company to obtain the approval of, or give notice to, the Company or any of its employees or representatives, or the undersigned, as applicable, to take any action permitted under clause (x).

(d) Under the U.S. Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b) (the "Act"), persons who disclose trade secrets in connection with lawsuits or other proceedings under seal (including lawsuits alleging retaliation), or in confidence to a federal, state or local government official, or attorney, solely for the purpose of reporting or investigating a suspected violation of law, enjoy immunity from civil and criminal liability under state and federal trade secrets laws for such disclosure. The undersigned acknowledges that the undersigned has hereby received adequate notice of this immunity, such that the Company is entitled to all remedies available for violations of the Act, including exemplary damages and attorney

fees. Nothing in this Agreement is intended to conflict with the Act or create liability for disclosures of trade secrets that are expressly allowed by the Act.

(e) Notice. "*An individual shall not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or*

civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order."

7. Non-Competition; Non-Interference.

(a) Non-Competition. During the Restricted Period, the undersigned shall not, directly or indirectly, individually or on behalf of any person, company, enterprise, or entity, or as a sole proprietor, partner, shareholder, director, officer, principal, agent, or executive, or in any other capacity or relationship, engage in any Competitive Activities in any other jurisdiction in which the Company or any of its subsidiaries is actively engaged in business.

(b) Non-Interference. During the Restricted Period, the undersigned shall not, directly or indirectly for his own account or for the account of any other individual or entity, engage in Interfering Activities.

(c) Definitions. For purposes of this Agreement:

i. "Business Relation" shall mean any current or prospective client, customer, licensee, or other business relation of the Company or any of its subsidiaries, or any such relation that was a client, customer, licensee, supplier, or other business relation within the six (6) month period prior to the termination of the Effective Date, in each case, to whom the undersigned provided services, or with whom the undersigned transacted business, or whose identity became known to the undersigned in connection with his relationship with or employment by the Company.

ii. "Competitive Activities" shall mean any business activity that is competitive with the then current business activities of the Company or any of its subsidiaries or any business activities that are demonstrably planned as of the Effective Date.

iii. "Interfering Activities" shall mean (A) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Person employed by, or providing consulting services to, the Company or any of its subsidiaries to terminate such Person's employment or services (or in the case of a consultant, materially reducing such services) with the Company or any of its subsidiaries; (B) other than the one individual separately identified to the Company concurrently herewith, hiring any individual who was employed by the Company or any of its subsidiaries within the

six (6) month period prior to the date of such hiring; or (C) encouraging, soliciting, or inducing, or in any manner attempting to encourage, solicit, or induce, any Business Relation to cease doing business with or reduce the amount of business conducted with the Company or any of its subsidiaries, or in any way interfering with the relationship between any such Business Relation and the Company or any of its subsidiaries.

iv. "Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust (charitable or non-charitable), unincorporated organization, or other form of business entity.

v. "Restricted Period" shall mean the period commencing on the Effective Date and ending on the twelve (12) month anniversary of the Effective Date.

(d) Reasonableness of Restrictions. The undersigned hereby acknowledges and recognizes the highly competitive nature of the Company's business, that access to Confidential Information renders the undersigned special and unique within the Company's industry, and that the undersigned has had the opportunity to develop substantial relationships with existing and prospective clients, accounts, customers, consultants, contractors, investors, and strategic partners of the Company during the course of and as a result of his employment with the Company. In light of the foregoing, the undersigned recognizes and acknowledges that the restrictions and limitations set forth in this Section 7 are reasonable and valid in geographical and temporal scope and in all other respects and are essential to protect the value of the business and assets of the Company and its subsidiaries. The undersigned acknowledges further that the restrictions and limitations set forth in this Section 7 will not materially interfere with his ability to earn a living following the Effective Date.

(e) Injunctive Relief. The undersigned expressly acknowledges that, because his services are personal and unique and because the undersigned did and will have access to Confidential Information, any breach or threatened breach of any of the terms and/or conditions set forth in this Section 7 may result in substantial, continuing, and irreparable injury to the Company and its subsidiaries for which monetary damages would not be an adequate remedy. Therefore, the undersigned hereby agrees that, in addition to any other right or remedy that may be available to the Company in law or in equity, any of the Company or its subsidiaries shall be entitled to injunctive relief, specific performance, or other equitable relief by a court of appropriate jurisdiction in the event of any breach or threatened breach of the terms of this Section 7 without the necessity of proving irreparable harm or injury as a result of such breach or threatened breach or posting a bond and without liability should relief be denied, modified or vacated. Notwithstanding any other provision to the contrary, the undersigned acknowledges and agrees that the Restricted Period shall

be tolled during any period of violation of any of the covenants in this Section 7 and during any other period required for litigation during which the Company or any of its subsidiaries seeks to enforce such covenants against the undersigned if it is ultimately determined that the undersigned was in breach of such covenants.

(f) The undersigned further hereby acknowledges that his continued compliance with the covenants of this Section 7 is a condition of the undersigned receiving the benefits and payments described in Sections 2 through 4 of this Agreement and upon any breach of the covenants set forth in this Section 7, in addition to any other damages or equitable relief to which the Company may be entitled, the Company shall no longer be obligated to provide the undersigned any unpaid portion of the amounts and benefits described in Sections 2 through 4 of this Agreement.

(g) Notwithstanding anything in this Agreement or otherwise, the undersigned has disclosed to the Company his intent to serve on boards for companies and his intent to work for BRNS LLC and its' subsidiaries, including as a professional engineer, and such services shall not violate any competition prohibitions.

8. Release. Other than the Excluded Claims, for and in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the undersigned, hereby for and on behalf of himself and his heirs, administrators, executors, and assigns, effective as of the date on which this Agreement , does fully and forever release, remise, and discharge each of the Company and each of its direct and indirect subsidiaries, and their respective successors and assigns, together with their respective current and former officers, directors, partners, shareholders, employees, and agents (collectively, the "Group"), from any and all claims whatsoever up to the date hereof that the undersigned had, may have had, or now has against the Group, whether known or unknown, for or by reason of any matter, cause, or thing whatsoever, including any claim arising out of or attributable to the undersigned's employment or the termination of the undersigned's employment with the Company, whether for tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel, or slander, or under any federal, state, or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability, or sexual orientation. The release of claims in this Agreement includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967 ("ADEA"), Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Worker Adjustment and Retraining Notification Act of 1988 and the Equal Pay Act of 1963, each as may be amended from time to time, and all other federal, state, and local laws, the common law, and any other purported restriction on an employer's right to terminate the employment of employees. The release contained herein is intended to be a general release of any and all claims to the fullest extent permissible by law other than with respect to the Excluded Claims.

The undersigned hereby acknowledges and agrees that as of the date he executes this Agreement, the undersigned has no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph.

By executing this release, the undersigned specifically releases all claims relating to his employment and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding any provision of this Agreement to the contrary, by executing this Agreement, the undersigned is not releasing claims relating to any of the following (each an "Excluded Claim"): (i) any claims relating to his rights under this Agreement and those instruments and agreements referred to herein (including, if applicable, as modified by this Agreement), including without limitation relating to equity compensation referred to in Section 2, any consulting fees he may earn after the Effective Date, the severance payment and benefits referred to in Section 3, and the right to director and officer indemnification and insurance coverage referred to in Section 5; (ii) rights to salary and employee benefits between the date of this Agreement and the Effective Date or rights to vested employee benefits as a former employee of the Company (other than any severance or termination benefits payable under any plan or arrangement sponsored or agreed to by the Company or of its subsidiaries); (iii) any claims that cannot be waived by law; and (iv) any claims, cross-claims or counterclaims that the undersigned determines, reasonably and in good faith, are reasonably related to any claim made against the undersigned following the Effective Date by the Company or any of its subsidiaries, or by the shareholders of the Company.

The undersigned hereby expressly acknowledges and agrees that the undersigned–

- Is able to read the language, and understand the meaning and effect, of this Agreement;
- Has no physical or mental impairment of any kind that has interfered with the undersigned's ability to read and understand the meaning of this Agreement or its terms, and that the undersigned is not acting under the influence of any medication, drug, or chemical of any type in entering into this Agreement;
- Is specifically agreeing to the terms of the release contained in this Agreement because the Company has agreed to perform the mutual agreements set forth herein in consideration for his agreement to accept it in full settlement of all possible claims the undersigned might have as of the date this Agreement is executed by the undersigned or might have ever had at any time prior to the date this Agreement is executed by the undersigned, and because of the undersigned's execution of this Agreement;
- Acknowledges that, but for his execution of this Agreement, the undersigned has no contractual entitlement to the termination

and severance benefits described in Sections 2 through 4 of this Agreement;

- Understands that, by entering into this Agreement, the undersigned does not waive rights or claims under ADEA that may arise after the date the undersigned executes this Agreement;
- Had or could have had twenty-one (21) calendar days in which to review and consider this Agreement, and that if the undersigned executes this Agreement, the undersigned has voluntarily and knowingly waived the remainder of any review period;
- Has not relied upon any representation or statement not set forth in this Agreement made by the Company or any of its representatives;
- Was advised to consult with his attorney regarding the terms and effect of this Agreement; and
- Has signed this Agreement knowingly and voluntarily.

The undersigned represents and warrants that he has not previously filed, and to the maximum extent permitted by law agrees that he will not file, a complaint, charge, or lawsuit against any member of the Group regarding any of the claims released herein. If, notwithstanding this representation and warranty, the undersigned has filed or files such a complaint, charge, or lawsuit regarding any of the claims released herein, the undersigned agrees that the undersigned shall cause such complaint, charge, or lawsuit to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such complaint, charge, or lawsuit, including without limitation the attorneys' fees of any member of the Group against whom the undersigned has filed such a complaint, charge, or lawsuit. Notwithstanding anything to the contrary, nothing herein shall prevent or restrict the undersigned from (i) filing a charge or complaint with, participating in an investigation or proceeding conducted by, or reporting possible violations of law or regulation to any federal, state or local government agency; (ii) truthfully responding to or complying with a subpoena, court order, or other legal process; or (iii) exercising any rights the undersigned may have under applicable labor laws to engage in concerted activity with other employees; provided, however, that undersigned hereby forgoes any monetary benefit from the filing of a charge or complaint with a government agency except pursuant to a whistleblower program or where his right to receive such a monetary benefit is otherwise not waivable by law.

The undersigned hereby agrees to waive any and all claims to re-employment with the Company or any other member of the Group and affirmatively agrees not to seek further employment with the Company or any other member of the Group.

Notwithstanding anything contained herein to the contrary, this Agreement will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days immediately following the date of its execution by the undersigned (the "Revocation Period"), during which time the undersigned may

revoke his acceptance of this Agreement by notifying the Company and the Board, in accordance with Section 9 below. To be effective, such revocation must be received by the Company no later than 11:59 p.m. on the seventh (7th) calendar day following the execution of this Agreement. Provided that the Agreement is executed and the undersigned does not revoke it during the Revocation Period, the eighth (8th) calendar day following the date on which this Agreement is executed shall be its effective date. The undersigned acknowledges and agrees that if the undersigned revokes this Agreement during the Revocation Period, this Agreement will be null and void and of no effect in its entirety, and neither the Company nor any other member of the Group will have any rights or obligations hereunder, including to pay or provide the undersigned the amounts and benefits described in Sections 2 through 4 of this Agreement.

The undersigned agrees to execute a new release incorporating the provisions of this Section 8 on the Effective Date.

9. Notices. Notices provided hereunder will be deemed to be given when delivered in writing by email, with a copy of any such notice also to be sent by overnight courier. All notices to the Company shall be addressed to the Company at:

Exela Technologies, Inc. 2701 East Grauwyler Road Irving, TX 75061

Attention: Secretary
Email: legalnotices@exelatech.com

All notices to the undersigned will be sent by email with a copy of any such notice also to be sent by overnight courier addressed to the most recent email and mailing address for the undersigned reflected in the Company's records (or such other address as the undersigned may from time to time specify to the Company).

10. Miscellaneous. No party to this Agreement may assign this Agreement without the express written consent of the other parties, such consent not to be unreasonably withheld. The rights and obligations of the parties under this Agreement may be amended, modified, waived or discharged only with the written consent of the parties hereto. This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and permitted assigns. If any provision in this Agreement is held invalid or unenforceable for any reason, the remaining provisions shall be construed as if the invalid or unenforceable provision had not been included. This Agreement constitutes the entire agreement and understanding between the Company and its subsidiaries and the undersigned with respect to the subject matter hereof and supersedes all prior agreements and understandings (whether written or oral) between the undersigned and the Company relating to such subject matter. The parties to this Agreement agree to cooperate and to take such steps as may be reasonably necessary to give full effect to the transactions contemplated by this Agreement. This Agreement may be executed and delivered in counterparts (including via facsimile or .pdf file or

by electronic delivery), each of which shall be deemed an original and all of which shall constitute one and the same instrument.

Notwithstanding anything to the contrary contained herein, in no event whatsoever shall the Company be liable for any additional tax, interest, or penalties that may be imposed on the undersigned by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or any damages for failing to comply with Section 409A of the Code, other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code.

The undersigned hereby acknowledges and agrees that each member of the Group shall be a third-party beneficiary to the releases set forth in Section 8, with full rights to enforce this Agreement and the matters documented herein.

11. Attorneys' Fees for this Agreement. Upon presentation by the undersigned of appropriate invoices, the Company shall reimburse the undersigned or pay directly for up to $5,000 of the attorneys' fees incurred by him in connection with the entry into this Agreement.

12. Governing law. The laws of the state of Texas shall govern this Agreement without regard to any choice of law principles that would result in the application of the laws of another jurisdiction.

[signature follows]

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned and the Company as of the first date written above.

EXELA TECHNOLOGIES, INC.

By: _____
Name: Par S. Chadha
Title: Executive Chairman

_____
Ronald C. Cogburn

May 1, 2022

Ronald Cogburn
712 Bandit Trail
Keller TX 76248

Re: Consulting Services for Exela Technologies, Inc. (collectively, together with its affiliates, "Exela", "we" or "us")

Dear Mr. Cogburn:

This will confirm that Exela has asked you to perform certain consulting services (collectively, the "Services") relating to Exela's business and affairs as may be requested from time to time by Exela's Board of Directors, Exela's executive management, or their respective designees (the "Agreement"). As part of the Services you shall provide the Company with such assistance and cooperation as may be reasonably requested by the Company, whether legal, financial or otherwise. In the provision of such services, you shall take direction from, and shall report to, the Board and such other executive officers of the Company as the Board may designate from time to time depending on the nature of the services requested. You acknowledge that such cooperation and assistance may relate to any matter as to which the Company determines such services may be helpful, including without limitation (i) the ongoing business and affairs of the Company generally, (ii) specific matters concerning the transition of duties to the undersigned's successors and (iii) appearing before and providing truthful and complete information to judicial, administrative, governmental or regulatory authorities in connection with any investigation and/or proceedings regarding or involving the Company and its subsidiaries.

This Agreement is contemplated by the terms of Section 4 of that certain Transition Agreement entered into by you and Exela dated as of March 31, 2022 (the "Transition Agreement"). You have agreed to perform such Services, subject to the following terms and conditions of this Agreement:

1. Term and Termination. This Agreement commences on May 1, 2022 and covers all periods during which you perform Services to Exela up through and including April 30, 2023, unless sooner terminated by a party in accordance with the terms of this Agreement (the "Term"). The Parties may agree to extend the Term only upon mutual written consent. Exela shall not control the manner or means by which you perform the Services. However, you will devote sufficient time and resources to provide the Services at mutually agreed times with Exela. Exela's Board of Directors or its designee shall coordinate with you the schedule for providing the Services.

2. Fees and Expenses.

(a) In exchange for your provision of the Services during the Term, Exela will pay you a total payment of One Million, One Hundred Twenty Five Thousand Dollars and Zero Cents ($1,125,000.00) (the "Fee") payable in two equal installments as follows: (1) $562,500.00 shall be paid in a cash lump sum on or before November 1, 2022; and (2) $562,500.00 shall be paid in a cash lump sum on or before May 1, 2023. Exela will

reimburse you for all actual and reasonable out-of-pocket travel and other reasonable costs and expenses you incur in connection with your performance of the Services; provided any such expenses in excess of $2,500 have been approved in advance by Exela. In order to be reimbursed for any such expenses, you must present us with an original itemized invoice for such amount together with copies of related statements and receipts. All such amounts will be due and payable net 30 days from our receipt of your invoice.

(b) Except as set forth above, Exela will have no obligation to pay or reimburse you for any other amount with respect to your performance of the Services, and by your execution of this Agreement, below, you acknowledge that the foregoing sets forth our entire agreement with respect to compensation for your performance of the Services.

(c) You are obligated for any taxes payable by or imposed upon you or your employees or principals with respect to any amounts paid to you under this Agreement, and Exela will have no obligation to withhold any such taxes from amounts due to you under this Agreement. In any given tax year for which you perform Services, Exela will issue you a 1099 to the address on file for you for any payments you receive for Services.

3. Intellectual Property.

(a) Exela is and shall be, the sole and exclusive owner of all right, title, and interest throughout the world in and to all the results and proceeds of the Services performed under this Agreement (collectively, the "Deliverables"), including all patents, copyrights, trademarks, trade secrets, and other intellectual property rights (collectively "Intellectual Property Rights") therein. You agree that the Deliverables are hereby deemed a "work made for hire" as defined in 17 U.S.C. § 101 for Exela. If, for any reason, any of the Deliverables do not constitute a "work made for hire," you hereby irrevocably assign to Exela, in each case without additional consideration, all right, title, and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein.

(b) Any assignment of copyrights under this Agreement includes all rights of paternity, integrity, disclosure, and withdrawal and any other rights that may be known as "moral rights" (collectively, "Moral Rights"). You hereby irrevocably waive, to the extent permitted by applicable law, any and all claims you may now or hereafter have in any jurisdiction to any Moral Rights with respect to the Deliverables.

(c) You shall make full and prompt disclosure to Exela of any inventions or processes, as such terms are defined in 35 U.S.C. § 100, made or conceived by you alone or with others during the term of this Agreement, related in any way to the Services described herein, whether or not such inventions or processes are patentable or protected as trade secrets and whether or not such inventions or processes are made or conceived during normal working hours or on the premises of Exela. You shall not disclose to any third party the nature or details of any such inventions or processes without the prior written consent of Exela. Any patent or copyright applications relating to the Services, related to trade secrets of Exela or which relate to tasks assigned to you by Exela, that you may file within one year after expiration or termination of this Agreement, shall belong to Exela, and you hereby assign same to Exela, as having been conceived or reduced to practice during the term of this Agreement.

(d) Upon the request of Exela, you shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist Exela to prosecute, register, perfect, record, or enforce its rights in any Deliverables. In the event Exela is unable, after reasonable effort, to obtain your signature on any such documents, you hereby irrevocably designate and appoint Exela as your agent and attorney-in-fact, to act for and on your behalf solely to execute and file any such

application or other document and do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or other intellectual property protection related to the Deliverables with the same legal force and effect as if you had executed them. You agree that this power of attorney is coupled with an interest.

(e) To the extent that any of your pre-existing materials or Intellectual Property Rights are contained in the Deliverables, you retain ownership of such preexisting materials and Intellectual Property Rights and hereby grant to Exela an irrevocable, worldwide, unlimited, royalty-free license to use, publish, reproduce, display, distribute copies of, and prepare derivative works based upon, such preexisting materials and derivative works thereof. Exela may assign, transfer, and sublicense such rights to others without your approval.

(f) You have no right or license to use Exela's trademarks, service marks, trade names, trade names, logos, symbols, or brand names.

(g) You shall require each of your employees and contractors to execute written agreements securing for Exela the rights provided for in this Section 3 prior to such employee or contractor providing any Services under this Agreement.

4. Confidentiality.

(a) You acknowledge that you have had or will have access to information that is treated as confidential and proprietary by Exela, its affiliates or their suppliers or customers, in each case whether spoken, written, printed, electronic or in any other form or medium (collectively, the "Confidential Information"). Information that you develop in connection with the Services, including but not limited to any Deliverables, shall also be subject to the terms and conditions of this Section. You agree to treat all Confidential Information as strictly confidential, not to disclose Confidential Information or permit it to be disclosed, in whole or part, to any third party without the prior written consent of Exela in each instance, and not to use any Confidential Information for any purpose except in the performance of the Services. You shall notify Exela immediately in the event you become aware of any loss or disclosure of any Confidential Information.

(b) Nothing herein shall prohibit you from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, and any agency Inspector General, or making any other disclosures that are protected under the whistleblower provisions of federal law or regulations. You do not need the prior authorization of Exela to make any such reports or disclosures and you are not required to notify Exela that you have made such reports or disclosures.

(c) You shall not export, directly or indirectly, any technical data acquired from Exela, or any products utilizing any such data outside of the United States, and you shall not handle as part of the Services any information that maybe considered protected health information without first entering into a separate business associate agreement with Exela. If applicable, you agree to enter into separate confidentiality agreements with Exela upon its request.

5. Representations and Warranties. You represent, warrant and agree that:

(a) you have the right to enter into this Agreement, to grant the rights granted herein and to perform fully all of your obligations in this Agreement;

(b) your entering into this Agreement with Exela and your performance of the Services does not and will not conflict with or result in any breach or default under any other agreement to which you are subject;

(c) you have the required skill, experience and qualifications to perform the Services;

(d) you shall perform the Services in a professional and workmanlike manner in accordance with best industry standards for similar services and you shall devote sufficient time, attention and resources to ensure that the Services are performed in a timely and reliable manner;

(e) you shall perform the Services in compliance with all applicable federal, state and local laws and regulations;

(f) Exela will receive good and valid title to all Deliverables, free and clear of all encumbrances and liens of any kind;

(g) all Deliverables shall be your original work (except for material in the public domain or Exela owned or provided materials) and will not violate or infringe upon the intellectual property right or any other right whatsoever of any person, firm, corporation or other entity.

6. Other Business Activities. Sections 6 and 7 of the Transition Agreement are hereby incorporated by reference.

7. Termination.

(a) Either party may terminate this Agreement, effective immediately upon written notice, in the event that the other party materially breaches this Agreement, and such breach is incapable of cure, or with respect to a breach capable of cure, such breach is not cured within thirty (30) days after receipt of written notice of such breach.

(b) Exela may terminate this agreement if you revoke and or fail to deliver the new release contemplated by Section 8 of the Transition Agreement.

(c) Upon your death or disability at any time, Exela shall continue to make all payments of the Fee when due hereunder to you or your estate which shall include, without limitation, your or your estate’s executor, administrator or similar personal representative.

(d) Upon expiration or termination of this Agreement for any reason, or at any other time upon the written request of Exela, you shall promptly:

(i) deliver to Exela all Exela property in your possession, including Deliverables (whether complete or incomplete) and all hardware, software, tools, equipment or other materials provided for your use by Exela;

(ii) deliver to Exela all tangible documents and materials (and any copies) containing, reflecting, incorporating or based on the Confidential Information;

(iii) permanently erase all of the Confidential Information from your computer systems or other files; and

(iv) certify in writing to Exela that you have complied with the requirements of this paragraph.

8. Indemnification. Except as set forth in the following sentence or as otherwise specifically identified in this Agreement, Exela shall indemnify you and hold you harmless from and against all claims and losses of any type, including reasonable attorneys' fees, in connection with, in whole or in part your performance of the Services. You agree to indemnify and hold harmless Exela and its affiliates and each of their respective directors, officers, employees and agents from and against all claims and losses of any type, including reasonable attorneys' fees, in connection with, in whole or in part: (i) your gross negligence or willful misconduct in the performance of this Agreement; (ii) your intentional failure to comply with any applicable Federal, state or local law or (iii) any claim by you or your personnel against Exela for wages, fringe benefits, other compensation, or similar claims under applicable law with respect to the period in which you provide Services.

9. Independent Contractor.

(a) You are an independent contractor of Exela, and this Agreement shall not be construed to create any association, partnership, joint venture, employee, or agency relationship between you and Exela for any purpose. You have no authority (and shall not hold yourself out as having authority) to bind Exela and you shall not make any agreements or representations on Exela's behalf without Exela's prior written consent.

(b) Without limiting Section 9(a) and except as set forth in the Transition Agreement, you will not be eligible to participate in any vacation, group medical or life insurance, disability, profit sharing or retirement benefits, or any other fringe benefits or benefit plans offered by Exela to its employees as a result of your performance of the Services, and Exela will not be responsible for withholding or paying any income, payroll, Social Security, or other federal, state, or local taxes, making any insurance contributions, including for unemployment or disability, or obtaining worker's compensation insurance on your behalf with respect to the period in which you provide Services. You shall be responsible for, and shall indemnify Exela against, all such taxes or contributions, including penalties and interest. Any persons employed or engaged by you in connection with the performance of the Services shall be your employees or contractors and you shall be fully responsible for them and indemnify Exela against any claims made by or on behalf of any such employee or contractor.

(c) You will use your own discretion in performing the Services and will in all respects control the means and manner of your performance, subject to the express condition that you will at all times comply with all applicable laws and Exela policies applicable to the Services provided hereunder (such as business conduct policies). You will supply all facilities, equipment and supplies necessary for performance of the Services at no additional cost to Exela, provided that Exela in its discretion may make a temporary office or cubicle and computer systems available to you at its offices in connection with your providing the requested Services. You will not offer or give Exela, or any Exela subsidiary or affiliate, or any of their respective employees or agents, any gratuity, payment or other personal benefit or inducement with a view toward securing business from Exela or influencing the terms, conditions or performance of any Services under this Agreement.

10. Assignment. You agree that you will not subcontract, delegate, assign or otherwise engage the services of any subcontractor to perform any portion of the Services under this Agreement without the express prior written consent of Exela, which Exela may grant or withhold in its sole discretion. Exela's affiliates may procure and use the Services and shall benefit from the provisions of this Agreement to the extent as if they were Exela. Exela may freely assign its rights and obligations under this Agreement at any time. Subject to the foregoing sentence, the rights and obligations of Exela and you under this Agreement shall be binding upon and inure to the benefit of the parties' respective successors, executors and administrators, as the case may be.

11. Attorneys' Fees. If Exela commences or institutes any action or proceeding, whether regulatory, administrative, at law or in equity, to enforce or interpret any of the terms and provisions of this Agreement, the

prevailing party in any such action or proceeding shall be entitled to recover its reasonable attorneys' fees, expert witness fees, costs of suit, and expenses, in addition to any other relief to which such prevailing party may be entitled.

12. Notices. Any notice required or permitted hereunder shall be in writing and shall be given to you personally or at the address first set forth above or the primary e-mail address used for communications between you and Exela, and to Exela via e-mail to legalnotices@exelatech.com, or as the party may hereafter specify in writing. Such notice shall be deemed given: upon personal delivery to the appropriate address upon receipt in the case of e-mail received during regular business hours (provided such receipt is confirmed, including by reply e-mail); or three (3) business days after the date of mailing if sent by certified or registered mail; or one (1) business day after the date of deposit with a commercial courier service offering next business day service with confirmation of delivery.

13. Complete Understanding; Modification. This Agreement constitutes the full and complete understanding and agreement between you and Exela relating to your performance of the Services, and supersedes all prior understandings and agreements relating to the Services. For the avoidance of doubt, the provisions herein are not intended to modify any obligations you may have to Exela with respect to any period prior to your performing the Services or as may be set forth in the Transition Agreement. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by you and an authorized representative of Exela. The provisions of this Agreement shall prevail over any conflicting provisions in any purchase order, acceptance notice or other document generated by you.

14. Interpretation. This Agreement has been negotiated by you and Exela with advice, if desired, from your and our respective counsel. This Agreement will be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either party. The headings and captions herein are included for reference purposes only and shall not affect the interpretation of the provisions hereof. When used herein, the word "including" will not be construed as limiting. This Agreement shall be read with all changes of gender, neutral and number required by the context. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable for any reason, the remainder of this Agreement shall continue in full force and effect to the maximum extent permitted by law.

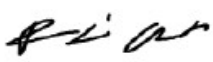
15. Jurisdiction; Venue; Dispute Resolution. This Agreement is governed by the laws of the State of Texas, without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. Both Exela and you hereby consent to venue in and the exclusive jurisdiction of the state and federal courts located in Texas. Any controversy or claim arising out of or relating to the Services which cannot be resolved by good faith discussions between you and us may be submitted to voluntary non-binding mediation at the request of either of us, with each of you and us bearing our own costs of such mediation and one-half the costs of the mediator (who shall be acceptable to each of you and us). If mediation is not successful within a reasonable period of time, then either of you or we can pursue any remedy available or appropriate, including litigation; provided that Exela will be free to seek equitable relief for any breach by you of the confidentiality obligations of this Agreement without first seeking to resolve such matter pursuant to the provisions of this paragraph.

16. Survival of Terms. Those provisions of this Agreement that, by their nature, are intended to survive any expiration or termination of this Agreement shall so survive.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

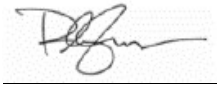
If the foregoing accurately sets forth your agreement with respect to your performance of the Services, please sign the enclosed copy of this letter and return it to me.

Very truly yours,



on behalf of **Exela Technologies, Inc.**

ACCEPTED AND AGREED:



Ronald Cogburn

AMENDED AND RESTATED

SECURED PROMISSORY NOTE

Effective Date: November 17, 2021

Amendment and Restatement Date: December 7, 2021

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, **GP 2XCV LLC**, a Delaware limited liability company (the "**Borrower**"), hereby unconditionally promises to pay to the order of **B. RILEY COMMERCIAL CAPITAL, LLC,** a Delaware limited liability company, or its assigns (the "**Noteholder,**" and together with the Borrower, the "**Parties**"), the principal amount of **One Hundred and Fifteen Million Dollars ($115,000,000.00)**, together with all accrued interest thereon and all accrued fees as provided in this Amended and Restated Secured Promissory Note (as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, the "**Note**").

Pursuant to that certain Secured Promissory Note issued by the Maker to Noteholder on November 17, 2021 (the "**Original Note**"), Noteholder advanced the aggregate amount of $63,242,876.00 to the Maker (the "**Prior Advances**"). Subject to the terms and conditions hereof, Noteholder shall advance (the "**New Advances**") (i) up to an additional $11.757,124 to the Borrower pursuant to the provisions of a "Parent Investment", as defined below, and (ii) $40,000,000 pursuant to the Parent Special Investment (as defined below). It is understood and agreed that, the outstanding amount of the Prior Advances and the outstanding amount of the New Advances, as applicable, shall be deemed to be the outstanding principal balance of this Note.

1. Definitions; Interpretation.

1.1 Capitalized terms used herein shall have the meanings set forth in this Section 1.

"**Acquire**" means to purchase, enter into, originate, receive by contribution or otherwise acquire. The terms "Acquired", "Acquiring" and "Acquisition" have correlative meanings.

"**Acquisition Date**" means the date on which the Borrower Acquires any Portfolio Investment, whether on the Closing Date or on any date thereafter, which date shall be (i) for any Exela Note, the settlement date for such Exela Note and (ii) for any Exela Term Loan, the effective date of the assignment thereof.

"**Advance**" means the funding by the Noteholder of all or a portion of the Loan in accordance with the terms of Section 2 hereof.

"**Advance Date**" means the date on which the Noteholder funds an Advance to the Borrower, which date must be (i) an Acquisition Date and (ii) a Business Day.

"**Affiliate**" as to any Person, means any other Person that, directly or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common

control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote ten percent (10%) or more of the securities or other equity interests having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"**Anti-Corruption Laws**" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977.

"**Applicable Rate**" means from the Closing Date to the date hereof, the per annum rate equal to ten percent (10.0%) and on an after the date hereof, the per annum rate equal to eleven and one-half percent (11.5%).

"**Beneficial Ownership Certification**" means, for a "legal entity customer" (as such term is defined in the Beneficial Ownership Regulation), a certification regarding beneficial ownership to the extent required by the Beneficial Ownership Regulation with respect to such "legal entity customer" in a form required by the Noteholder.

"**Beneficial Ownership Regulation**" has the meaning set forth Section 13.10.

"**Borrower**" has the meaning set forth in the introductory paragraph.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"**Cash**" means such coin or currency of the United States of America as at the time shall be legal tender for payment of all public and private debts.

"**Change of Control**" means (a) any Person or group of persons within the meaning of §13(d)(3) of the Securities Exchange Act of 1934, other than the Permitted Holders, becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the outstanding Equity Interests of the Parent, (b) the Borrower ceases for any reason to be managed by the initial manager of the Borrower as of the Closing Date or a successor manager appointed in accordance with the terms of the Borrower's Constitutive Documents, (c) the Parent ceases to own directly one hundred percent (100%) of the outstanding Equity Interests of Holdings or (d) Holdings ceases to own directly one hundred percent (100%) of the outstanding Equity Interests of the Borrower.

"**Closing Date**" means November 17, 2021, the date on which the conditions precedent set forth in Section 12.1 were satisfied or waived.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Collateral**" refers to the "Collateral" set forth in the Security Agreement.

"**Collateral Documents**" shall mean the Security Agreement, the Securities Account Control Agreement and each other document or instrument executed and delivered in connection therewith.

"**Constitutive Documents**" means, with respect to:

(a) the Borrower, its Limited Liability Company Operating Agreement;

(b) Holdings, its Limited Liability Company Operating Agreement; and

(c) any other Person, such Person's articles of organization, charter, by-laws, limited liability company agreement, limited partnership agreement, exempted limited partnership agreement or any other such document organizing such Person under applicable law.

"**Debt**" of a Person, means all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services, except trade payables arising in the ordinary course of business which are not more than 30 days past the stated due date; (c) obligations evidenced by notes, bonds, debentures, or other similar instruments; (d) obligations as lessee under capital leases; (e) obligations in respect of any interest rate swaps, currency exchange agreements, commodity swaps, caps, collar agreements, or similar arrangements entered into by such Person providing for protection against fluctuations in interest rates, currency exchange rates, or commodity prices, or the exchange of nominal interest obligations, either generally or under specific contingencies; (f) obligations under acceptance facilities and letters of credit; (g) guaranties, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any Person, or otherwise to assure a creditor against loss, in each case, in respect of indebtedness set out in clauses (a) through (f) of another Person; (h) indebtedness set out in clauses (a) through (g) of any other Person secured by any lien on any asset of such Person, whether or not such indebtedness has been assumed by such Person, and (i) indebtedness of any partnership, unlimited liability company, or unincorporated joint venture in which such Person is a general partner, member, or a joint venturer, respectively (unless such Debt is expressly made non-recourse to Person).

"**Debtor Relief Laws**" means, collectively: (a) Title 11 of the United States Code entitled "Bankruptcy", as amended; and (b) all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, any state thereof, or any other applicable jurisdictions from time to time in effect.

"**Default**" means any of the events specified in Section 10 which constitute an Event of Default or which, upon the giving of notice, the lapse of time, or both, pursuant to Section 10, would, unless cured or waived, become an Event of Default.

"**Default Rate**" means the Applicable Rate plus two percent (2.0%).

"**Disposition**" or "**Dispose**" means the sale, transfer, license, lease, or other disposition (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction) of any asset or property (including, without limitation, any Equity Interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer, or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"**Distribution**" means (a) any dividend, distribution or payment, direct or indirect, to or for the benefit of any holder of any Equity Interests of a Person now or hereafter outstanding, including any Distribution in Kind (and including, without limitation, any payment of principal of the underlying loans in a Portfolio Investment), except for the issuance of Equity Interests upon the exercise of outstanding warrants, options or other rights, or (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of a Person now or hereafter outstanding.

"**Distribution in Kind**" means any dividend or distribution, direct or indirect, for the benefit of a holder of Equity Interests.

"**Dollars**" means the lawful currency of the United States.

"**Equity Interests**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent of the ownership (or profit) interests in a Person (other than a corporation), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights, or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights, or other interests are authorized or otherwise existing on any date of determination.

"**Equity Support Letter**" means that certain letter agreement dated as of the date hereof by and between Exela, the Noteholder and B. Riley Securities, Inc.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"**ERISA Affiliate**" means an entity, whether or not incorporated, that is under "common control" with the Borrower within the meaning of §4001(a)(14) of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under §414 of the Code.

"**Event of Default**" has the meaning set forth in Section 10.

"**Exchange**" shall have the meaning set forth in Section 8.13.

"**Exchange Documents**" means (a) the Confidential Offering Memorandum and Consent to Solicitation Statement, dated October 27, 2021, and (b) the Term Loan Exchange Agreement and related exhibits shared with the existing lenders of the Exela Term Loans on October 27, 2021.

"**Exela**" means Exela Technologies, Inc., a Delaware corporation.

"**Exela Credit Agreement**" means that certain First Lien Credit Agreement, dated as of July 12, 2017, among Exela Intermediate Holdings LLC, Exela Intermediate, the financial institutions identified therein as "Lenders" and Wilmington Savings Fund Society, FSB, as successor administrative agent and successor collateral agent (as amended, restated, supplemented or otherwise modified from time to time, and as and to the extent amended / replaced / exchanged in accordance with the terms of the Exchange Document identified in clause (b) of the definition thereof).

"**Exela Indenture**" means that certain 10.000% First-Priority Senior Secured Notes Due 2023 Indenture, dated as of July 12, 2017, among Exela Intermediate and Exela Finance Inc., and Wilmington Trust, National Association, as trustee (as amended, restated, supplemented or otherwise modified from time to time, and as and to the extent replaced / exchanged in accordance with the terms of the Exchange Document identified in clause (a) of the definition thereof).

"**Exela Intermediate**" refers to Exela Intermediate LLC.

"**Exela Notes**" refers to the notes issued under the Exela Indenture (including, for the avoidance of doubt, to the extent replaced / exchanged in accordance with the terms of the Exchange Document identified in clause (a) of the definition thereof).

"Exela Term Loans" refers to those term loans advanced under the Exela Credit Agreement (including, for the avoidance of doubt, to the extent amended / replaced / exchanged in accordance with the terms of the Exchange Document identified in clause (b) of the definition thereof).

"**Fee Letter**" means that certain Amended and Restated Fee Letter, dated as of the date hereof, between the Borrower and the Noteholder (as amended, restated, supplemented, or otherwise modified from time to time).

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Collateral is subject to no equal or prior Lien and is not subject to any other Liens, except in each case for Liens under Section 9.2.

"**GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time.

"**Governmental Authority**" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

"**Grant**" means to grant, bargain, sell, warrant, alienate, remise, demise, release, convey, collaterally assign, transfer, mortgage, pledge, charge and create a security interest

in and to grant a right of set-off against, deposit, set over or confirm. A Grant of the Collateral, or of any other instrument, shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate continuing right to claim for, collect, receive and receipt for principal and interest payments in respect of the Collateral, and all other monies payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"**Holdings**" means GP 2XCV Holdings LLC, a Delaware limited liability company.

"**Indemnified Party**" has the meaning set forth in Section 13.2(b).

"**Independent Manager**" means a natural person who (a) for the five-year period prior to his or her appointment as an independent director or independent manager, has not been, and during the continuation of his or her service as such independent director or independent manager, is not: (1) an employee, director, stockholder, member, manager, partner or officer of the Borrower or any of its Affiliates (other than his or her service as an independent director or independent manager of Affiliates of the Borrower that are structured to be "bankruptcy remote" in a manner substantially similar to the Borrower); (2) a customer or supplier of the Borrower or any of its Affiliates (other than a supplier of his or her service as an independent director or independent manager of the Borrower or such Affiliate); or (3) any member of the immediate family of a person described in clause (1) or (2) above; and (b) has (1) at least three (3) years prior experience as an independent director or independent manager for a corporation, limited liability company or limited partnership; and (2) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities.

"**Interest Payment Date**" means, subject to Section 3.2 and Section 3.3, beginning with March 31, 2022, the last Business Day of each March, June, September and December of each year that the Loan is outstanding, and the Maturity Date.

"**Investment**" means, as applied to any Person, (a) any direct or indirect acquisition by that Person of securities, partnership or limited liability company interests or other interests of / in any other Person, or of all or any substantial part of the business or assets of any other Person and (b) any direct or indirect loan, advance or capital contribution by that Person to any other Person.

"**Law**" as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or

other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Lien**" means with respect to any Person, any security interest, lien, encumbrance or other similar interest granted or suffered to exist by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person (including an interest in respect of a capital lease) which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, title retention lien, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

"**Loan**" means the loan evidenced by this Note in the aggregate principal amount of One hundred and Fifteen Million Dollars ($115,000,000.00).

"**Loan Documents**" means, collectively, this Note, the Collateral Documents, the Fee Letter and all other agreements, documents, certificates, and instruments executed and delivered, from time to time, to the Noteholder by the Borrower or Holdings pursuant to the terms thereof, and any amendments and supplements thereto or modifications thereof that are executed and delivered, from time to time, pursuant to the terms of this Note or any of the other Loan Documents and any additional documents delivered in connection with this Note or any such amendment, supplement or modification that the parties thereto agree shall constitute a "Loan Document" hereunder.

"**Loan Party**" means, collectively and individually, the Borrower and Holdings.

"**Mandatory Prepayment**" has the meaning set forth in Section 3.3.

"**Margin Regulations**" means Regulations T, U and X of the Federal Reserve Board, as amended.

"**Margin Stock**" means "margin stock" as defined in the Margin Regulations, including any debt security which is by its terms convertible into "Margin Stock".

"**Material Action**" means to: (a) file or consent to the filing of any bankruptcy, insolvency or reorganization petition under any applicable federal, state or other law relating to a bankruptcy naming the Borrower as debtor or other initiation of bankruptcy or insolvency proceedings by or against the Borrower, or otherwise seek, with respect to the Borrower, relief under any laws relating to the relief from debts or the protection of debtors generally; (b) seek or consent to the appointment of a receiver, liquidator, conservator, assignee, trustee, sequestrator, custodian or any similar official for the Borrower or all or any portion of its properties; (c) make or consent to any assignment for the benefit of the Borrower's creditors generally; (d) admit in writing the inability of the Borrower to pay its debts generally as they become due; (e) petition for or consent to substantive consolidation of the Borrower with any other person; (f) amend or alter or otherwise modify or remove all or any part of Section 4.5 of the Constitutive Documents of the Borrower; (g) amend, alter or otherwise modify or remove all or any part of the definition of "Independent Manager" or the definition of "Material Action" (or any similar or analogous term or provision) in the Constitutive Documents of the Borrower; (h) to the fullest extent permitted by applicable

law, dissolve, merge, liquidate or consolidate; or (i) except as expressly permitted by the Loan Documents, sell all or substantially all of its assets.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations or financial condition of the Borrower; (b) the validity or enforceability of the Note or any Collateral Document; (c) the perfection or priority of any Lien purported to be created under any Collateral Document; (d) the rights or remedies of the Noteholder hereunder or under any of the Collateral Documents; (e) the Borrower's ability to perform any of its material obligations hereunder or under the Security Agreement; or (f) Holdings' ability to perform any of its material obligations hereunder or under the Security Agreement.

"Material Loan Event" means any of the following with respect to any Portfolio Investment:

(a) an event of default (or any similar term (including "Events of Default" as defined) under the underlying indenture or credit agreement with respect to such Exela Note or Exela Term Loan) has occurred and is continuing under the underlying indenture or credit agreement with respect to such Exela Note or Exela Term Loan;

(b) the underlying obligor has disaffirmed, disclaimed, repudiated or rejected, in whole or in material part, or challenged the validity of, such obligation or any related Portfolio Documents;

(c) the unpaid principal amount of such obligation has been reduced, waived or forgiven for any reason other than by payment in immediately available funds of a like amount of principal thereof (whether due to set-off, counterclaim, charge-off, write down, waiver by the issuer thereof or otherwise) or any noteholder's / lender's rights to payment of principal as and when due thereunder have been waived or delayed or lenders thereunder have agreed to forbear from enforcing their rights to such payment;

(d) such obligation is no longer capable of being, or is not, the subject of a first priority security interest or other arrangement having a similar commercial effect in favor of the Noteholder;

(e) such obligation constitutes Margin Stock; or

(f) such obligation is an obligation pursuant to which any future advances or payments to the borrower or the obligor thereof may be required to be made by the Borrower (other than to indemnify an agent or representative for lenders pursuant to the Portfolio Document);

provided that, for the avoidance of doubt, the consummation of the transactions contemplated by the Exchange Documents, in accordance with the provisions thereof and of the underlying agreements with respect to which the Exchange Documents relate, shall not constitute a Material Loan Event.

"**Maturity Date**" means the earlier of (a) July 31, 2022 and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 3.3 or Section 11, provided that the Maturity Date may be extended for up to an additional six (6) months upon the mutual written consent of the Borrower and the Noteholder .

"**Multiemployer Plan**" means a Plan which is a "multiemployer plan" as defined in §4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions.

"**Note**" has the meaning set forth in the introductory paragraph.

"**Noteholder**" has the meaning set forth in the introductory paragraph.

"**Obligations**" means all amounts owing by the Loan Parties to the Noteholder pursuant to or in connection with this Note or any other Loan Document or otherwise with respect to the Loan, including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Noteholder incurred pursuant to this Note or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder.

"**OFAC**" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"**Opinion of Counsel**" means a written opinion addressed to the Noteholder, in form and substance reasonably satisfactory to the Noteholder, of a nationally or internationally recognized law firm or an attorney admitted to practice (or law firm, one or more of the partners of which are admitted to practice) before the highest court of any State of the United States or the District of Columbia (or of any other relevant jurisdiction, in the case of an opinion relating to the laws of such other jurisdiction) in the relevant jurisdiction, which attorney may, except as otherwise expressly provided in this Note, be counsel for the Borrower and which attorney or firm shall be reasonably satisfactory to the Noteholder. Whenever an Opinion of Counsel is required hereunder, such Opinion of Counsel may rely on opinions of other counsel who are so admitted and otherwise satisfactory which opinions of other counsel shall accompany such Opinion of Counsel and shall be addressed to the Noteholder (or shall state that the Noteholder shall be entitled to rely thereon).

"**Parent**" means Exela Technologies, Inc., a Delaware corporation.

"**Parent Initial Investment**" means an amount of not less than $2,000,000 which equity investment was made prior to the Closing Date and used solely to fund the day to day operations of the Borrower and to pay closing fees and expenses on the Closing Date.

"**Parent Investment**" means, as of the date of determination, with respect to any proposed Advance to finance the proposed Acquisition of Exela Notes and/or Exela Term

Loans, other than with respect to the Parent Special Investment and the transactions contemplated thereby, on any proposed Acquisition Date:

(a) if, as a result of a proposed Acquisition of Exela Notes and/or Exela Term Loans, the VWAP (when aggregated with all prior or simultaneous Acquisitions of Exela Notes and Exela Term Loans) equals or is less than eighty percent (80%) of par, then prior to or simultaneously with the Advance Date for such proposed Advance, Holdings shall contribute (in Cash to the Borrower) an equity investment equal to the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, equals 26.6667% of the sum of the proposed Advance and the aggregate amount of all prior Advances; provided that the amount of such equity investment shall in no event be less than $0 or more than the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, would equal Twenty Million Dollars ($20,000,000);

(b) if, as a result of a proposed Acquisition of Exela Notes and/or Exela Term Loans, the VWAP (when aggregated with all prior or simultaneous Acquisitions of Exela Notes and Exela Term Loans) would be greater than eighty percent (80%) but less than or equal to eighty-five percent (85%) of par, then prior to or simultaneously with the Advance Date for such proposed Advance, Holdings shall contribute (in Cash to the Borrower) an equity investment equal to the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, equals 33.3333% of the sum of the proposed Advance and the aggregate amount of all prior Advances; provided that the amount of such equity investment shall in no event be less than $0 or more than the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, would equal Twenty-Five Million Dollars ($25,000,000); and

(c) if, as a result of a proposed Acquisition of Exela Notes and/or Exela Term Loans, the VWAP (when aggregated with all prior or simultaneous Acquisitions of Exela Notes and Exela Term Loans) would be greater than eighty-five percent (85%) but less than or equal to one hundred percent (100%) of par, then prior to or simultaneously with the Advance Date for such proposed Advance, Holdings shall contribute (in Cash to the Borrower) an equity investment equal to the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, equals 40.0000% of the sum of the proposed Advance and the aggregate amount of all prior Advances; provided that the amount of such equity investment shall in no event be less than $0 or more than the amount that, when aggregated with all prior or simultaneous equity investments by Holdings to the Borrower, would equal Thirty Million Dollars ($30,000,000).

The Parent Initial Investment and other equity investments made following the Closing Date and used to fund the day to day operations of the Borrower and to pay closing fees and expenses (and not used to purchase Portfolio Investments) shall not be included in determining a Parent Investment.

"**Parent Special Investment**" means, in connection with a proposed Acquisition of Exela Term Loans as specified to Noteholder by Borrower and Exela, or New Notes (as defined in the Exchange Documents), the Noteholder shall make an Advance equal to

$40,000,000 on the applicable Advance Date, and prior to or simultaneously with the Advance Date for such proposed Advance, Holdings shall contribute (in Cash to the Borrower) an equity investment equal to $30,000,000 (separate and distinct from, and in addition to, the equity investments which are the Parent Initial Investment and the Parent Investment).

"**Parties**" has the meaning set forth in the introductory paragraph.

"**PATRIOT Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

"**PBGC**" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor thereto).

"**Permitted Holder**" means (a) investment funds managed by Affiliates of HandsOn Global Management, LLC and other co-investors in the Equity Interests of Parent as of the Closing Date and (b) the directors, executive officers and other management personnel of the Borrower, Holdings or any direct or indirect parent of the Borrower.

"**Person**" means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority, or other entity.

"**Plan**" at any one time, means any "employee benefit plan" (as defined in Section 3(2) of ERISA) that is subject to Title IV of ERISA and in respect of which the Borrower or an ERISA Affiliate is (or, if such plan were terminated at such time, would under §4062 or §4069 of ERISA be deemed to be) an "employer" as defined in §3(5) of ERISA.

"**Pledged Debt**" shall have the meaning ascribed to such term in the Security Agreement.

"**Portfolio Documents**" means (a) the Exela Credit Agreement, (b) the Exela Indenture, (c) any other indenture, credit agreement or other agreement pursuant to which the Exela Term Loans or Exela Notes has been issued or created, (d) each other agreement that governs the terms of or secures the obligations represented by such Exela Term Loans or Exela Notes or of which the holders of such Exela Term Loans or Exela Notes are the beneficiaries, and (e) all related transaction documents.

"**Portfolio Investment**" means any Exela Note or Exela Term Loan directly held or maintained by the Borrower, including any such Investment received by Borrower (or the applicable holder or lender thereof) in the form of additional principal amount of Exela Notes, Exela Term Loans or other obligations.

"**Proceeds**" means cash proceeds received by the Borrower in respect of any Portfolio Investment, including the proceeds of any Disposition, realization or distributions of any Portfolio Investment and Proceeds (as defined in the Security Agreement).

"**Related Parties**" with respect to any Person, means such Person's Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors, and representatives of it and its Affiliates.

"**Reportable Event**" means any of the events set forth in §4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived.

"**Sanctioned Country**" means, at any time, a country or territory which is itself the subject or target of any comprehensive or country-wide Sanctions.

"**Sanctioned Person**" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by a Sanctions Authority; (b) any Person operating, organized, or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person that is the subject or target of any Sanctions.

"**Sanctions**" mean all economic or financial sanctions or trade embargoes imposed, administered, or enforced from time to time by a Sanctions Authority.

"**Sanctions Authority**" means OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any EU member state, Her Majesty's Treasury of the United Kingdom, Canada, or other relevant sanctions authority.

"**Securities Account Control Agreement**" means the Securities Account Control Agreement, dated on or prior to the Closing Date, among the Borrower as debtor, the Noteholder, as secured party, and B. Riley Securities, Inc., as custodian or securities intermediary, as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof and thereof.

"**Security Agreement**" means the Security and Pledge Agreement, dated as of the Closing Date, the Borrower, Holdings and the Noteholder, as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof.

"**Solvent**" with respect to the Borrower or Holdings, as of any date of determination, means that on such date (a) the present fair salable value of the property and assets of such Person exceeds the debts and liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the property and assets of such Person is greater than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities, including contingent liabilities, as such debts and other liabilities become absolute and matured, (c) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts and liabilities, including contingent liabilities, beyond its ability to pay such debts and liabilities as they become absolute and matured, and (d) such Person does not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, reasonably estimates the amount of contingent liability known or reasonably

identifiable by the Borrower or Holdings, as applicable, that can reasonably be expected to become an actual or matured liability.

"**Subsidiary**" as to any Person, means any corporation, partnership, limited liability company, joint venture, trust, or estate of or in which more than fifty percent (50%) of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class of such corporation may have voting power upon the happening of a contingency), (b) the interests in the capital or profits of such partnership, limited liability company or joint venture, or (c) the beneficial interests in such trust or estate, is at the time directly or indirectly owned or controlled through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Note shall refer to a Subsidiary or Subsidiaries of the Borrower.

"**Taxes**" means any and all present or future income, stamp, or other taxes, levies, imposts, duties, deductions, charges, fees, or withholdings imposed, levied, withheld, or assessed by any Governmental Authority, together with any interest, additions to tax, or penalties imposed thereon and with respect thereto.

"**VWAP**" means the volume weighted average price, calculated based on the principal amount of Exela Notes and/or Exela Term Loans purchased or to be purchased by the Borrower multiplied by the purchase price paid or to be paid by the Borrower for such principal amount of Exela Notes and/or Exela Term Loans. For the avoidance of doubt, "VWAP" will not be calculated based on trading prices and volumes in the market generally.

1.2 Interpretation. For purposes of this Note (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. Unless the context otherwise requires, references herein to: (x) Schedules, Exhibits, and Sections mean the Schedules, Exhibits, and Sections of this Note; (y) an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

2. Term Loan. Subject to the terms and conditions of this Note, the Noteholder agrees to make, in one or more Advances, a term loan to the Borrower in an aggregate amount of all such Advances up to the Loan amount. The amount borrowed under this Section 2, to the extent repaid or prepaid, may not be reborrowed. The right of the Borrower to request an Advance and

the obligation of the Noteholder to fund such Advance, subject to the terms and conditions hereof, shall terminate on the date that is thirty (30) days prior to the Maturity Date. Prior to the funding of any Advance, the conditions precedent set forth in Sections 12.1 and 12.2 must be satisfied.

3. Payment Dates; Prepayments.

3.1 Payment Dates. The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest thereon, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless or to the extent otherwise provided in Section 3.3, Section 5.2 or in Section 11.

3.2 Optional Prepayments. The Borrower may prepay the Loan in whole or in part at any time or from time to time by paying on the date of prepayment, the principal amount to be prepaid together with, accrued and unpaid interest thereon to the date of prepayment, but without premium or penalty, other than any applicable the fees payable under Section 5.6 relating thereto. No prepaid amount may be reborrowed.

3.3 Mandatory Prepayments. The Borrower shall be required to prepay (or pay, in the case of clause (c) below) the outstanding principal balance of the Loan, together with any accrued and unpaid interest thereon and fees hereunder or under the Security Agreement upon the occurrence of the following events and in or to the extent of the following amounts (plus the above referenced interest and fees) (any such prepayment, a "**Mandatory Prepayment**"):

(a) Upon the incurrence of any Debt not permitted under Section 9.1, in an amount equal to the net proceeds of such Debt;

(b) Upon the receipt of any principal payments received under the Exela Notes or the Exela Term Loans, whether mandatory or voluntary, in the amount of such principal payments received;

(c) Upon the receipt of any cash payment (including any portion of the "Cash Amount" (as defined in the Exchange Documents) as consideration for the Exchange, in the amount of such cash payments received;

(d) Upon the sale by the Borrower of any Portfolio Investment in accordance with Section 9.6 hereof;

(e) Upon the receipt by Exela from time to time, the amounts specified in Section 1 of the Equity Support Letter; and

(f) Upon the Maturity Date.

4. Collateral Documents.

4.1 The Borrower's performance of its Obligations hereunder is secured by a first priority security interest in the collateral specified in the Security Agreement and/or the Securities Account Control Agreement, as applicable.

4.2 Holdings has granted a first priority security interest in all of the Equity Interests of or in the Borrower as set forth in the Security Agreement.

5. Interest.

5.1 Interest Rate. Except as otherwise provided herein, the outstanding principal amount of each Advance of the Loan made hereunder shall bear interest at the Applicable Rate from the date of such Advance was made until the date such Advance is paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

5.2 Interest Payment Dates. Interest shall be payable in arrears to the Noteholder on each Interest Payment Date.

5.3 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full, which interest shall be payable on demand.

5.4 Computation of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on any portion of the Loan paid for the day on which it is paid.

5.5 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law on that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law and amounts that would have otherwise accrued as interest but for such reduced maximum rate of interest as herein provided shall be deemed a voluntary prepayment of principal.

5.6 Payment of Interest in Exela Common Stock. Following the occurrence and during the continuance of an Event of Default based on a failure to timely pay interest hereunder, at the Noteholder's option (which shall be exercisable by written notice to Borrower on not less than two (2) Business Days' notice) and subject to any restrictions under securities and other applicable law, interest hereunder shall be payable from time to time in shares of freely tradeable common stock of Exela (the "**Common Stock**") at a price per share equal to the volume-weighted average price per share of Common Stock on Nasdaq for the ten (10) trading days immediately preceding the day prior to the applicable Interest Payment Date, less five percent (5.0%).

6. Payment Mechanics.

6.1 Manner of Payments. All payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 p.m. (Eastern Time) on the date on which such payment is due by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

6.2 Application of Payments. All payments made under this Note shall be applied *first* to the payment of any fees or charges outstanding hereunder, *second* to accrued and unpaid interest, and *third* to the payment of the principal amount outstanding under the Note.

6.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

6.4 Evidence of Debt. The Noteholder is authorized to record on the grid attached hereto as Exhibit A each Advance made to the Borrower and each payment or prepayment thereof. The entries made by the Noteholder shall, to the extent permitted by applicable Law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; *provided, however,* that the failure of the Noteholder to record any Advance or any such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loan in accordance with the terms of this Note.

6.5 Rescission of Payments. If at any time any payment made by the Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, the Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

7. Representations and Warranties; Covenant. The Borrower hereby represents and warrants (and in respect of Section 7.19 hereof, represents, warrants and covenants) to the Noteholder on each Advance Date and, if different, each Acquisition Date as follows:

7.1 Existence; Power and Authority; Compliance with Laws. The Borrower (a) is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, (b) has the requisite limited liability company power and authority, and the legal right, to execute and deliver this Note and the other the Loan Documents to which it is a party, and to perform its obligations hereunder and thereunder, and (c) is in compliance with all Laws, except to the extent that the failure to comply therewith has not had nor could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

7.2 Authorization; Execution and Delivery. The execution and delivery of the Loan Documents by the Borrower and the performance of its obligations hereunder and thereunder have been duly authorized by all necessary limited liability company action in

accordance with all applicable Laws. The Borrower has duly executed and delivered to the Noteholder the Loan Documents to which it is a party.

7.3 No Approvals. No consent or authorization of, filing with, notice to, or other act by, or in respect of, any Governmental Authority or any other Person is required in connection with the extension of credit hereunder or in order for the Borrower to execute, deliver, or perform any of its obligations under the Loan Documents to which it is a party, except (i) consents, authorizations, filings, and notices have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 7.16.

7.4 No Violations. The execution, delivery and performance of the Loan Documents, and the consummation by the Borrower of the transactions contemplated hereby and thereby do not and will not (a) violate, in any material respect, any Law applicable to the Borrower or by which any of its properties or assets may be bound; or (b) result in, or require, the creation or imposition of any Lien on any of its properties or assets pursuant to any Law applicable to the Borrower or any such material contract or agreement by which the Borrower may be bound (other than the Liens created by the Loan Documents to which it is a party).

7.5 Enforceability. Each of the Loan Documents to which the Borrower is a party is a valid, legal, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

7.6 No Litigation. No action, suit, litigation, investigation, or proceeding of, or before, any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its property or assets (a) with respect any of the Loan Documents or any of the transactions contemplated hereby or thereby or (b) that have had or could reasonably be expected to have a Material Adverse Effect.

7.7 PATRIOT Act; Anti-Money Laundering. The Borrower is, and to the knowledge of the Borrower, its directors, officers, employees, and agents are, in compliance in all material respects with the PATRIOT Act, and any other applicable terrorism and money laundering laws, rules, regulations, and orders.

7.8 Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance in all material respects by the Borrower and its directors, officers, employees, and agents with Anti-Corruption Laws and applicable Sanctions and the Borrower is, and to the knowledge of the Borrower, its directors, officers, employees, and agents are, in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower is not, and to the knowledge of the Borrower, no director, officer, employee of the Borrower, or any agent of the Borrower that will act in any capacity in connection with or benefit from the Loan, is a Sanctioned Person. No use of proceeds of the Loan by the Borrower or other

transaction contemplated by this Note will violate any Anti-Corruption Law or applicable Sanctions.

7.9 No Default. No Default or Event of Default has occurred and is continuing.

7.10 Ownership of Property; Liens. The Borrower has fee simple title to, or a valid leasehold interest in, all of its real property, and good title to, all of its other property, and none of such property is subject to any Lien except as permitted by Section 9.2.

7.11 Portfolio Documents. With respect to the Exela Credit Agreement, other than the amendments, supplements or other modifications (x) identified below, (y) subsequent to the Closing Date, in connection with the transactions contemplated by the Exchange Documents or (z) subsequent to the Closing Date, as permitted (in the cases of clauses (y) or (z) above) under Section 9.12 hereof, since July 12, 2017 there have been and will be no other amendments, restatements, supplements or other modifications to the Exela Credit Agreement entered into by Exela Intermediate, the financial institutions identified therein and/or the administrative agent thereunder.

Exela Credit Agreement

(a) First Amendment to First Lien Credit Agreement, dated as of July 13, 2018, among Exela Intermediate Holdings LLC, Exela Intermediate, the subsidiary loan parties party thereto, the lenders party thereto, Royal Bank of Canada, as administrative agent, and RBC Capital Markets, as lead arranger and bookrunner

(b) Second Amendment to First Lien Credit Agreement, dated as of April 16, 2019, among Exela Intermediate Holdings LLC, Exela Intermediate, the subsidiary loan parties party thereto, the lenders party thereto, Royal Bank of Canada, as administrative agent, and RBC Capital Markets, as lead arranger and bookrunner

(c) Agency Assignment Agreement, dated as of May 18, 2020, by and among Royal Bank of Canada and Wilmington Savings Fund Society, FSB, and acknowledged and agreed by Exela Intermediate Holdings LLC, Exela Intermediate and the subsidiary loan parties party thereto

(d) Third Amendment to First Lien Credit Agreement and First Amendment to Collateral Agency and Security Agreement (First Lien), dated as of May 18, 2020, by and among Exela Intermediate Holdings LLC, Exela Intermediate, the subsidiary loan parties party thereto and Wilmington Savings Fund Society, FSB

With respect to the Exela Indenture, other than the amendments, supplements or other modifications (x) identified below, (y) subsequent to the Closing Date, in connection with the transactions contemplated by the Exchange Documents or (z) subsequent to the Closing Date, as permitted (in the cases of clauses (y) or (z) above) under Section 9.12 hereof, since July 12, 2017 there have been and will be no other amendments, restatements, supplements or other modifications thereto entered into by Exela Intermediate and Exela Finance Inc. and the trustee thereunder.

Exela Indenture

(a) First Supplemental Indenture, dated as of July 12, 2017, among Exela Intermediate, Exela Finance Inc., the subsidiary guarantors party thereto and the trustee thereunder

(b) Second Supplemental Indenture, dated as of May 20, 2020, among Merco Holdings, LLC, Exela Intermediate, Exela Finance Inc. and the trustee thereunder

7.12 Taxes; ERISA.

(a) The Borrower has filed all material Federal, state, and other material tax returns that are required to be filed and has paid all material taxes shown thereon to be due, together with applicable interest and penalties, and all other material taxes, fees, or other charges imposed on it or any of its property by any Governmental Authority (except those that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower). To the knowledge of the Borrower, no material tax Lien has been filed, and no material claim is being asserted, with respect to any such tax, fee, or other charge.

(b) ERISA. The Borrower does not, and does not have any ERISA Affiliates that, maintain or contribute to, or have any obligation (contingent or otherwise) to contribute to, any Plan. The assets of the Borrower are not treated as "plan assets" for purposes of Section 3(42) of ERISA.

7.13 Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of the Loan will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

7.14 Investment Company Act. The Borrower is not, nor is it required to be registered as an "investment company" under the Investment Company Act of 1940, as amended.

7.15 Accuracy of Information, Etc. The Borrower has disclosed to the Noteholder in writing all agreements, instruments, and limited liability company or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect. No statement or information contained in this Note, any other Loan Document, or any other document, certificate, or statement furnished by or on behalf of the Borrower to the Noteholder pursuant to the terms of this Note or any Loan Document, for use in connection with the transactions contemplated by this Note or the other Loan Documents, when taken as a whole, contained, any untrue statement of a material fact or omitted to state a material fact necessary to make the statement contained herein or therein not materially misleading in light of the circumstances under which such statements were made (in each case, after giving effect to all supplements and updates thereto from time to time).

7.16 Collateral Documents. The Security Agreement and the Securities Account Control Agreement creates in favor of the Noteholder a legal, valid, continuing, and enforceable security interest in the Collateral, the enforceability of which is subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. The financing statements, releases and other filings are in appropriate form and have been or will be filed in accordance with Section 4.3 of the Security Agreement. Upon such filings and/or the obtaining of "control" (as defined in the Uniform Commercial Code), the Noteholder will have a perfected Lien on, and security interest in, to and under all right, title, and interest of the grantors thereunder in all Collateral that may be perfected by filing, recording, or registering a financing statement or analogous document (including without limitation the proceeds of such Collateral subject to the limitations relating to such proceeds in the Uniform Commercial Code) or by obtaining control, under the Uniform Commercial Code (in effect on the date this representation is made) in each case prior and superior in right to any other Person, except for Liens permitted under Section 9.2.

7.17 Solvency. Each of Holdings and the Borrower is, and after giving effect to the incurrence of all Debt and obligations incurred in connection herewith and the transactions contemplated hereby will be, Solvent.

7.18 Compliance with Constitutive Documents. The Borrower is in compliance with all covenants and provisions of its Constitutive Documents. The Borrower will use the proceeds of the Loans only for such purposes as are permitted by its respective Constitutive Documents.

7.19 Portfolio.

(a) The corporate organization chart of the Parent, Holdings, the Borrower and their respective Subsidiaries, if any, is set forth in Schedule 7.19(a) and is true, complete and accurate.

(b) The Portfolio Investments as of the Closing Date are set forth in Schedule 7.19(b) hereto (as such Schedule shall be updated by the Borrower solely to reflect each Portfolio Investment Acquired or repaid in full (as and when the same occurs)) and, together with the Portfolio Investments acquired after the Closing Date, are legally and beneficially owned by the Borrower. The amount, type, issuer and investment classification with respect to each Portfolio Investment is set forth in Schedule 7.19(b) hereto (as updated from time to time as herein provided). Each Portfolio Investment is evidenced by appropriate Portfolio Documents evidencing the Borrower as owner thereof. Schedule 7.19(b) hereto sets forth for each Portfolio Investment the record owner thereof and whether any of the foregoing is held in a securities account. Upon request by the Noteholder, the Borrower shall promptly provide copies of Portfolio Documents for the Portfolio Investments to the Noteholder.

(c) Other than the requirements for assignment of the Exela Term Loans under Sections 9.04 and 9.24 of the Exela Credit Agreement, no Portfolio Document relating to any Portfolio Investment contains or may contain (i) provisions prohibiting or restricting pledges or assignments of the Portfolio Investment or (ii) any "change of control," "anti-assignment" or similar provisions which would or may be triggered upon the exercise by the Noteholder of its rights to foreclose on the Collateral and would prevent, restrict or adversely affect the realization by the Noteholder of the pledges of such Collateral or the exercise of rights or remedies relating to the same.

(d) No Material Loan Event has occurred and is continuing in respect of any Portfolio Investment.

(e) The Borrower has complied and will comply with all transfer restrictions, consent requirements and any other requirements under the Portfolio Documents relating to each Acquisition of a Portfolio Investment. On or prior to the date an Advance is made to fund each Portfolio Investment Acquisition, the Borrower will deliver an officer's certificate to the Noteholder (i) certifying to and attaching true, correct and complete copies of each such consent, if any, and evidence of the Borrower's satisfaction of such transfer restrictions and other requirements and (ii) certifying without qualification that the Borrower has satisfied this Section 7.19(e) in all respects, such officers' certificate and attachments to be reasonably satisfactory to the Noteholder.

8. Affirmative Covenants. Until all amounts outstanding under this Note have been paid in full, the Borrower shall:

8.1 Maintenance of Existence. (a) Preserve, renew, and maintain in full force and effect its organizational existence and (b) take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business, and, in the case of clause (b) above, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

8.2 Compliance. (a) Comply with all Laws applicable to it and its business, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, and (b) maintain in effect and enforce policies and procedures designed to achieve compliance in all material respects by the Borrower and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

8.3 Payment Obligations. Pay, discharge, or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings, and reserves in conformity with GAAP with respect thereto have been provided on its books.

8.4 Notice of Events of Default. As soon as possible and in any event within three (3) Business Days after it becomes aware, notify the Noteholder in writing, (a) of any Event of Default that has occurred, which notice shall include the nature and extent of such Event

of Default and the action, if any, it has taken or proposes to take with respect to such Event of Default; or (b) of any reporting or notice received as a holder of the Exela Notes and/or the Exela Term Loans and copies of such reporting or notice if received in writing, or (c) of any development or event with respect to the Borrower, the Loan Documents or any Portfolio Investment that has had or could reasonably be expected to have a Material Adverse Effect. Each notice pursuant to this Section 8.4 shall be accompanied by a statement of an authorized officer of the Borrower setting forth details of the occurrence referred to therein.

8.5 Maintenance of Property; Insurance. Maintain and preserve all of its property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted; and maintain insurance (to the extent reasonably prudent (e.g., after giving effect to a cost-benefit analysis) in any material respect) with respect to its business with financially sound and reputable insurance companies that are not Affiliates of the Borrower, in such amounts and covering such risks as are usually insured against by similar companies engaged in the same or a similar business.

8.6 Inspection of Property' Books and Records; Discussions. Keep proper books of records and accounts, in which full, true, and correct entries in conformity with GAAP and all applicable Law shall be made of all dealings and transactions and assets in relation to its business and activities, and permit the Noteholder to visit and inspect any of its properties and examine and make abstracts from any of its books and records, in each case, at reasonable times and on reasonable advance notice (not more frequently than once per fiscal year unless an Event of Default has occurred and is continuing hereunder), and to discuss its business operations, properties, and financial and other condition with its senior management officers and (not more frequently than once per fiscal year unless an Event of Default has occurred and is continuing hereunder) its independent certified public accountants, in each case at reasonable times and on reasonable advance notice.

8.7 Use of Proceeds. Use the proceeds of the Loan and the Parent Investments solely to purchase Exela Notes and Exela Term Loans in accordance with the terms hereof.

8.8 Existence of Borrower, Etc.

(a) The Borrower shall hold itself out and identify itself, as a separate and distinct legal entity under its own name and not as a division or part of any other Person. Unless it provides the Noteholder with at least ten (10) days' (or such shorter period agreed to by the Noteholder) prior written notice, the Borrower shall keep its principal place of business at the address specified on Schedule 8.8 hereto. The Borrower will at all times have at least one Independent Manager.

(b) The Borrower shall:

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises, and obtain and preserve its qualification to do business in each

jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of the Loan Documents;

(ii) file its own tax returns, if any, as may be required under applicable law, to the extent (1) not part of a consolidated group filing a consolidated return or returns or (2) not treated as a disregarded entity for tax purposes and if it is not otherwise required to file a separate tax return, and pay any taxes so required to be paid under applicable law;

(iii) not commingle its assets with assets of any other Person, and not divert the assets of the Borrower to any other Person or for any other use other than the use of the Borrower;

(iv) conduct its business in its own name and strictly comply with all organizational formalities necessary to maintain its separate existence (and the Borrower hereby represents that all such formalities have been complied with since the Borrower's formation), including, but not limited to, holding all regular and special member meetings appropriate to authorize all action, keeping separate and accurate minutes of such meetings, and passing all resolutions or consents necessary to authorize actions taken or to be taken, in each case, as required by the Borrower’s Constitutive Documents or applicable Law;

(v) maintain its own separate books and records and deposit or securities accounts separate from any other Person;

(vi) maintain separate financial statements (it being understood that, if the Borrower's financial statements are part of a consolidated group with its Affiliates, then any such consolidated statements shall contain a note indicating the Borrower's separateness from any such Affiliates and that its assets and credit are not available to pay the debts of such Affiliate);

(vii) pay its own liabilities only out of its own funds;

(viii) except as specifically contemplated by the Loan Documents, maintain an arm's-length relationship with its Affiliates, including its members, and not permit any material transactions between the Borrower and any Affiliate, including its members, without the unanimous affirmative vote of each of its members and the Independent Manager; provided, for the avoidance of doubt, that, no manager or member, nor any other Person may vote on or otherwise authorize the taking of any such actions unless, in each case, there is at least one (1) Independent Manager then serving (and available to vote) in such capacity in accordance with the terms of this Agreement;

(ix) at all times hold itself out to the public as a legal entity separate and apart from its members and any other Person;

(x) not hold out its credit or assets as being available to satisfy the obligations of any other Person;

(xi) ensure that, to the extent that the Borrower and any of its members, or Affiliates have offices in shared or contiguous space, there shall be fair and appropriate allocation of overhead costs (including rent) among them, and each such entity shall bear its fair share of such costs;

(xii) ensure that to the extent that the Borrower contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any or more other Persons, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs;

(xiii) use separate stationery, invoices and checks and not those of any other Person (unless such Person is clearly designated as being the Borrower's agent on such stationery, invoices and checks, as applicable);

(xiv) not pledge its assets or otherwise incur any lien as security for the obligations of any other Person;

(xv) correct any known misunderstanding regarding its separate identity;

(xvi) is and intends to remain solvent and shall pay its debts and liabilities from its then available assets (including a fairly allocated portion of any personnel and overhead expenses that it shares with any Affiliate) from its assets as the same shall become due, and shall maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations (provided, however, the forgoing shall not require any member of to make additional capital contributions to such entity);

(xvii) pay its operating expenses and liabilities from its own assets;

(xviii) maintain a sufficient number of employees in light of its contemplated business operations, which may be none, and pay the salaries of its own employees, if any, from its own assets; provided, however, to the extent that the Borrower shares the same officers or other employees as any of its members, managers, or Affiliates, the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees;

(xix) except as contemplated by the Loan Documents, ensure that no Affiliate of the Borrower will guaranty debts of the Borrower; and

(xx) promptly following request from the Noteholder, notify the Noteholder of any change in the information provided in any Loan Party's Beneficial Ownership Certification (if any) that would result in a change to the list of beneficial owners identified therein.

(c) Notwithstanding any other provision of this Note and any provision of law that otherwise so empowers the Borrower, the Manager, the Member, any Officer or any other Person, so long as any Obligation is outstanding, neither the Manager, the Member nor any Officer nor any other Person shall be authorized or empowered on behalf of the Borrower to, nor shall they permit the Borrower to, and the Borrower shall not, without the prior unanimous written consent of the Member and all Independent Managers, take any Material Action; provided, however, that, so long as any Obligation is outstanding, the Member may not authorize the taking of any Material Action, unless there is at least one Independent Manager then serving in such capacity, all Independent Managers have given prior written consent to such action and the Noteholder has been given ten (10) Business Days' prior written notice of such action. Terms defined in this paragraph (c) and in paragraph (d) below that are not defined herein shall the meanings ascribed to such terms in the Limited Liability Company Agreement of the Borrower, dated as of November 17, 2021 (as in effect on the Closing Date).

(d) Holdings shall not amend or alter or otherwise modify or remove all or any part of Sections 2.1(c), 3.1(A), 3.1(B), 4.1(i), 4.5, 6.2 or Articles V, IX, X and XI of the Constitutive Documents of the Borrower (collectively, the "SPE Provisions"), or otherwise amend or alter or otherwise modify or remove any other provision of the Constitutive Documents of the Borrower that would be inconsistent with the SPE Provisions, in each case without the prior written consent of the Noteholder.

(e) The Borrower shall take all other actions necessary to maintain the accuracy of the factual assumptions set forth in the legal opinions of Willkie, Farr & Gallagher LLP, as special counsel to the Borrower, issued in connection with the Loan Documents and relating to the issues of substantive consolidation of the Portfolio Investments.

8.9 Financial Reporting and Projections. The Borrower shall deliver or caused to be delivered the following financial reporting:

(a) substantially contemporaneously with delivery thereof under the terms of the Portfolio Documents, the consolidated balance sheets of the Parent and its Subsidiaries and the related consolidated statements of operations, cash flows and owner's equity required to be delivered under the Portfolio Documents, together with a Compliance Certificate in the form of Exhibit 8.9 hereto signed by the principal executive officer or the principal financial officer of the Parent or the Borrower (i) certifying as to whether there exists a Default or Event of Default on the date of such certificate and, if a Default or Event of Default then exists, specifying the details thereof and the action which the Borrower has taken or proposed to take with respect thereto and (ii) the delivery of the financial reports hereunder.

(b) promptly following the request therefor, such other information regarding the results of operation, business affairs and financial condition of the Parent, Holdings, the Borrower, Exela Intermediate Holdings LLC or Exela Intermediate and its Subsidiaries as the Noteholder may reasonably request.

8.10 Collateral Account. Prior to Closing Date, the Borrower shall open a securities account with B. Riley Securities, Inc. (the "Collateral Account") and such Collateral Account shall be subject to the Securities Account Control Agreement at all times from and after the Closing Date. Promptly upon the Acquisition of any Portfolio Investment consisting of Exela Notes or any Pledged Debt, such Portfolio Investment, all Pledged Debt and all Proceeds thereof shall be immediately deposited and thereafter held in such Collateral Account.

8.11 Further Assurances. Upon the request of the Noteholder, promptly execute and deliver such further instruments and do or cause to be done such further acts as the Noteholder reasonably determines may be necessary or advisable to carry out the intent and purposes of this Note or any Collateral Document.

8.12 Mandatory Exchange. The Borrower shall promptly exchange any Exela Notes and Exela Term Loans owned by it for "New Notes" (as defined in the Exchange Documents, and fungible in all respects with the New Notes issued pursuant to the Exchange Documents), provided that the New Notes issuable upon the exchange of the Exela Term Loans constituting the Parent Special Investment shall be issued in the principal amount not less than the purchase price paid for such Exela Term Loans.

8.13 The Exchange. Upon consummation of any exchange in respect of the "Exchange Offer" or "Term Loan Exchange Offer," as applicable, contemplated by the Exchange Documents or any similar or related exchange (collectively, the "Exchange"), the Borrower shall receive replacement Portfolio Investments having a total fair value, as determined by the Borrower in good faith, equal to or greater than those Portfolio Investments exchanged therefor.

9. Negative Covenants. Until all amounts outstanding under this Note have been paid in full, the Borrower shall not:

9.1 Indebtedness. Incur, create or assume any Debt other than Debt evidenced under this Note.

9.2 Liens. Incur, create, assume or suffer to exist any Lien on any of its property or assets, whether now owned or hereafter acquired by it or on any income or rights in respect of any thereof, except (i) with respect to the Collateral, security interests, liens and other encumbrances created pursuant to the Loan Documents, (ii) Liens for taxes, assessments, other governmental charges that are not delinquent or are being properly contested in good faith by appropriate proceedings and, in each case, in respect of which adequate reserves are being maintained on the books of the Borrower in accordance with GAAP, (iii) statutory Liens in favor of a bank, custodian or other depositary institution arising in the ordinary course of business as a matter of law encumbering deposits (including the right of set-off),

and (iv) immaterial, non-consensual Liens with lien priority junior to Lien granted to the Noteholder on assets (other than Liens on any of the Portfolio Investments or Proceeds thereof from time to time) arising in the ordinary course of business in connection with activities not prohibited hereunder and not securing Debt for borrower money.

9.3 Limitations on Investments. Make or enter into any agreement to make any Investments other than Portfolio Investments.

9.4 Line of Business. Enter into any business, directly or indirectly, except for the business in which the Borrower is engaged (or proposed to be engaged, i.e., investing in / purchasing the Portfolio Investments) on the date of this Note.

9.5 Mergers. Merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it.

9.6 Limitation on Dispositions. Dispose of any, all or substantially all of its property, whether now owned or hereafter acquired other than the Exchange pursuant to and in accordance with the terms of the applicable Exchange Documents, unless, during the existence of an Event of Default, such disposition is directed in writing by the Noteholder in accordance with such terms as are reasonably approved by the Noteholder, in order to reduce the outstanding principal amount of the Loan.

9.7 Limitation on Restricted Payments. Declare or pay any dividend on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement, or other acquisition of, any Equity Interests of the Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property.

9.8 [Reserved]

9.9 Limitation on Transactions With Affiliates. Enter into or be a party to any transaction including any purchase, sale, lease, or exchange of property, the rendering of any service, or the payment of any management, advisory, or similar fees, with any Affiliate unless (a) such transaction is (i) otherwise not prohibited by the terms of this Note; and (ii) on fair and reasonable terms no less favorable to the Borrower, than those that would have been obtained in a comparable transaction on an arm's length basis from an unrelated Person or (b) such transaction is already in effect as of the date of this Note.

9.10 Borrower as Bankruptcy Remote Entity.

(a) The Borrower shall not:

(i) sell, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any asset (including the Collateral), except as permitted or required by the Loan

Documents (including for any Liens permitted under Section 9.2 or pursuant to the terms of the applicable Exchange Documents);

(ii) claim any credit on, or make any deduction from, the principal or interest payable or amounts distributable in respect of the Loans (other than amounts withheld in accordance with the Code or any other applicable law) or assert any claim against any present or future Noteholder by reason of the payment of any taxes levied or assessed upon any part of the Collateral (other than taxes levied or assessed in respect of amounts required to be deducted or withheld from the principal or interest payable in respect of the Loan obligations);

(iii) (A) incur or assume or guarantee any indebtedness or any contingent obligations, other than the Obligations and the other agreements and transactions expressly contemplated hereby and thereby or (B) issue any additional securities (other than the issuance of its equity on the Closing Date), it being understood that receipt of additional capital contributions by the Borrower from Holdings (without issuance of additional securities or interests in the Borrower) is not prohibited by this clause (B);

(iv) (A) permit the validity or effectiveness of the Collateral Documents or any other Loan Document or any Grant thereunder to be impaired, or permit the liens under the Loan Documents to be amended, hypothecated, subordinated, terminated or discharged, or permit any Loan Party to be released from any covenants or obligations under any Loan Document, except as may be expressly permitted hereby, (B) permit any lien, charge, adverse claim, security interest, mortgage or other encumbrance (including any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise, other than the liens under any the Loan Documents) to be created on or extend to or otherwise arise upon or burden any of its assets, or any income or profits therefrom or on any Portfolio Investments, Collateral or any part thereof, any interest therein or the Proceeds thereof, or (C) take any action that would cause the liens under the Loan Documents not to constitute a valid perfected security interest in the Collateral that is of First Priority, free of any adverse claim or the legal equivalent thereof, as applicable, except, in each case, for Liens permitted under Section 9.2 and as otherwise may be expressly permitted hereby (or in connection with a disposition of Collateral required hereby);

(v) [reserved];

(vi) [reserved];

(vii) [reserved];

(viii) maintain any deposit or securities accounts other than the Collateral Account;

(ix) change its name without (A) receiving the prior written consent of the Noteholder, (B) delivering to the Noteholder notice thereof and (C) receiving an Opinion of Counsel that such name change will not adversely affect the Noteholder's lien or the interest under the Collateral Documents of the Noteholder;

(x) fail to pay any tax, assessment, charge or fee with respect to the Collateral, or fail to defend any action, if such failure to pay or defend will adversely affect the priority or enforceability of the lien over the Collateral created by the Loan Documents;

(xi) other than the Loan Documents, enter into any agreement or contract with any Person unless such contract or agreement contains "limited recourse" and "non-petition" provisions, (x) which limited recourse provisions provide that the obligations of the Borrower are limited recourse obligations, payable solely from the Collateral in accordance with the terms of this Note and the other Loan Documents and (y) which non-petition provisions provide that, prior to the date that is one year and one day after all Obligations have been paid in full (other than contingent obligations for which no claim has been asserted and indemnity and contractual obligations which by their terms survive termination of this Note or any other Loan Document) (or, if longer, the applicable preference period under applicable insolvency law), such Person shall not take any action or institute any proceeding against the Borrower under any Debtor Relief Law applicable to it or which would be reasonably likely to cause it to be subject to, or seek protection of, any such Debtor Relief Law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such Debtor Relief Law that is initiated by any other Person other than one of its Affiliates;

(xii) amend any Loan Document other than in accordance with Section 13.11;

(xiii) amend any limited recourse or non-petition provisions of any contract or agreement to which the Borrower is party;

(xiv) acquire any assets or take any action that would require it to register as an "investment company" under the Investment Company Act;

(xv) enter into any transaction other than on arm's length terms and at market rates, as determined in good faith by the Borrower, other than as expressly permitted pursuant to this Note and the other Loan Documents;

(xvi) have any Subsidiaries;

(xvii) make any change in the accounting principles underlying the financial statements delivered pursuant to this Note except for changes mandated by GAAP without the prior written consent of the Noteholder (which consent shall not be unreasonably withheld, conditioned or delayed); or

(xviii) pay distributions on account of or relating to any equity interests in the Borrower.

9.11 No Modification of Constitutive Documents. The Borrower shall not amend, or permit the amendment of, its Constitutive Documents in a manner adverse to the Noteholder without the prior written consent of the Noteholder.

9.12 Modification of Portfolio Documents. The Borrower shall not consent to (nor engage in any activities in support of) any modification of the terms or conditions of the Exela Notes, the Exela Term Loans or any Portfolio Document (other than the Exchange Documents) relating thereto that are materially adverse to the Noteholder without the prior written consent of the Noteholder; provided, however, that notwithstanding the foregoing to the contrary, in no event shall the Borrower consent to (or engage in any activities in support of) any modification under clauses (i) through (ix) of Section 9.09(b) of the Exela Credit Agreement or clauses (1) through (9) of Section 9.02 of the Exela Indenture without the prior written consent of the Noteholder; provided, that, notwithstanding the foregoing, the Borrower may exchange the Exela Notes and/or the Exela Term Loans for replacement Exela Notes and/or replacement Exela Term Loans pursuant to the exchange contemplated by, and pursuant to the terms and conditions set forth in, the applicable Exchange Documents. The Borrower shall not consent to (nor engage in any activities in support of) any modification of the terms or conditions of the Exchange Documents without the prior written consent of the Noteholder. Upon consummation of the exchange described in each applicable Exchange Document, the terms, economics, provisions and conditions of each of the resulting Exela Credit Agreement and the resulting Exela Indenture shall substantially conform to or comply with the terms, economics, provisions and conditions encompassing, descriptive of or relating to the same as set forth in such Exchange Document as in effect on October 27, 2021.

10. Events of Default. The occurrence and continuance of any of the following shall constitute an "**Event of Default**" hereunder:

10.1 Failure to Pay. The Borrower fails to pay (a) any principal amount of the Loan when due or (b) any interest, fees or any other Obligations under any of the Loan Documents when due and such default shall continue unremedied for a period of ten (10) Business Days.

10.2 Breach of Representations and Warranties. Any representation, warranty, certification, or other statement of fact made or deemed made by any Loan Party to the Noteholder hereunder or in the other Loan Documents or any amendment or modification hereof or thereof or waiver hereunder or thereunder is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

10.3 Breach of Covenants. The Borrower or, as applicable, Holdings fails to observe or perform (a) any covenant, condition, or agreement contained in Sections 5.6, 7.19, 8.4, 8.7, 8.8, 8.10, 8.12 or 8.13 or Section 9 or (b) any other covenant, obligation, condition, or agreement contained in this Note or any Collateral Document, other than those

specified in clause (a) above or in respect of Section 10.1, and such failure continues for thirty (30) days after written notice to the Borrower.

10.4 Equity Support Letter. Exela fails to observe or perform any covenant, condition, or agreement contained in the Equity Support Letter and such failure shall continue unremedied for a period of ten (10) Business Days.

10.5 Bankruptcy.

(a) Any of the Borrower or Holdings commences any case, proceeding, or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or the Borrower or Holdings makes a general assignment for the benefit of its creditors;

(b) There is commenced against the Borrower or Holdings any case, proceeding, or other action of a nature referred to in Section 10.5(a) which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, or unbonded for a period of sixty (60) days;

(c) There is commenced against the Borrower or Holdings any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof;

(d) The Borrower or Holdings takes any action directly in furtherance of, or indicates its consent to, approval of, or acquiescence in, any of the acts set forth in Section 10.5(a), Section 10.5(b), or Section 10.5(c) above; or

(e) The Borrower or Holdings is generally not able to, or admits in writing its inability to, pay its debts as they become due.

10.6 ERISA. (a) The Borrower establishes, maintains or contributes to, or has any contractual obligation (contingent or otherwise) to contribute to, any Plan or Multiemployer Plan, (b) the assets of the Borrower are treated as "plan assets" for purposes of Section 3(41) of ERISA or (c)(i) Borrower shall engage in any "prohibited transaction" (as defined in §406 of ERISA or §4975 of the Code) involving any Plan; (ii) any failure to satisfy the minimum funding standard (within the meaning of Sections §412 or §430 of the Code or §302 of ERISA) shall exist with respect to any Plan, or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any ERISA Affiliate; (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee

appointed, or a trustee shall be appointed, to administer or to terminate, any Plan, which Reportable Event or commencement of proceedings or appointment of trustee is reasonably likely to result in the termination of such Plan for purposes of Title IV of ERISA; (iv) any Plan shall terminate for purposes of Title IV of ERISA; or (v) the Borrower or any ERISA Affiliate shall reasonably be likely to, incur any liability in connection with a withdrawal from, or the insolvency or reorganization of, a Multiemployer Plan; and in each case in clauses (a), (b) and (c)(i) through (c)(v) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect.

10.7 Collateral Documents; Loan Documents. (a) Any Collateral Document ceases for any reason to be valid, binding, and in full force and effect or any Lien created by such Collateral Document ceases to be enforceable and of the same effect and priority purported to be created thereby, other than as expressly permitted hereunder or thereunder; (b) any material provision of any Loan Document ceases for any reason to be valid, binding, and in full force and effect, other than as expressly permitted hereunder or thereunder; (c) any Loan Party contests in any manner the validity or enforceability of any provision of any Loan Document; (d) any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document or purports to revoke, terminate, or rescind any provision of any Loan Document; or (e) any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document or purports to revoke, terminate, or rescind any provision of any Loan Document.

10.8 Change of Control. Any Change of Control occurs.

10.9 Material Adverse Effect. The occurrence of a Material Adverse Effect.

10.10 Material Loan Event. The occurrence of a Material Loan Event.

10.11 Judgments. One or more judgments or decrees shall be entered against the Borrower in an amount exceeding Two Hundred and Fifty Thousand Dollars ($250,000) (to the extent not covered by insurance) and all of such judgments or decrees shall not have been vacated, discharged, waived or stayed or bonded pending appeal within thirty (30) days from the entry thereof.

11. Remedies. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may, at its option, by written notice to the Borrower (a) declare the entire principal amount of the Loan, together with all accrued and unpaid interest thereon, all fees payable hereunder and all other amounts payable under this Note and/or the Security Agreement, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under this Note, the Collateral Documents or applicable Law; *provided, however*, that if an Event of Default described in Section 10.5 shall occur, the principal of and accrued and unpaid interest on the Loan and all the other fees and amounts hereunder shall become immediately due and payable without any notice, declaration, or other act on the part of the Noteholder.

12. Conditions Precedent.

12.1 Closing Date. The obligation of the Noteholder to make the Loan required to be made by it hereunder on the Closing Date is subject to the satisfaction or the waiver by the Noteholder of the following conditions precedent:

(a) The Noteholder shall have received:

(i) this Note, duly executed and delivered by an authorized officer of the Borrower;

(ii) the Security Agreement, duly executed and delivered by an authorized officer of the Borrower and Holdings;

(iii) the Securities Account Control Agreement, duly executed and delivered by an authorized officer of the Borrower;

(iv) in form and substance satisfactory to the Noteholder, a certificate from each Loan Party, certified by an authorized officer of such Loan Party, including:

(A) a certificate of incorporation, formation or organization, as applicable, of such Loan Party certified by the Secretary of State of the State of in which such Loan Party is incorporated or formed, as applicable;

(B) by-laws, limited liability company agreement or limited partnership agreement, as applicable, of such Loan Party as in effect on the date on which the resolutions referred to below were adopted;

(C) resolutions of the governing body of such Loan Party approving the transaction and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary limited liability company action;

(D) a certification that the names, titles, and signatures of the officers of such Loan Party authorized to sign each Loan Document and other documents to be delivered hereunder and thereunder are true and correct;

(E) a long-form good standing certificate for such Loan Party from the Secretary of State of the State in which such Loan Party was incorporated, formed or organized, as applicable; and

(F) a certification of the matters set forth in subsections (c) and (d) below;

(v) payment of all fees required to be paid and payment of all reasonable out-of-pocket expenses for which invoices have been presented

(including the reasonable out-of-pocket fees and expenses of legal counsel), on or before the Closing Date; and

(vi) (A) Uniform Commercial Code ("**UCC**") initial financing statements and other applicable documents under the laws of all necessary or appropriate jurisdictions with respect to the perfection of Liens granted under the Collateral Documents as requested by the Noteholder; and (B) copies of UCC, tax, judgment and pending suit, bankruptcy and fixture lien search reports, each as of a recent date, in all necessary or appropriate jurisdictions and under all legal and tradenames of the Loan Parties, as requested by the Noteholder, indicating that there are no prior Liens on the Collateral except as permitted under this Note or the applicable Collateral Documents;

(b) The Noteholder shall have also received the following Opinion Letters, each in form, scope and substance reasonably satisfactory to the Noteholder:

(i) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated herein and therein as the Noteholder shall reasonably request; and

(ii) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the status of the Borrower as a bankruptcy-remote entity and non-consolidation with Parent, as the Noteholder shall reasonably request.

(c) The following transactions shall have been consummated, in each case on terms and conditions satisfactory to the Noteholder;

(i) Holdings shall have made a common equity investment in the Borrower of not less than the Parent Initial Investment, on term and conditions reasonably satisfactory to the Noteholder.

(d) The Noteholder shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, as requested by the Noteholder.

(e) Each of the representations and warranties made by each Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (except where such representations and warranties that are qualified by "materiality", "in all material respects", "Material Adverse Effect" or words of similar import, then such representations and warranties shall be true and correct in all respects) on and as of the Closing Date.

(f) No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loan requested to be made on the Closing Date.

12.2 Conditions to the Purchase of any Portfolio Investment. Other than in connection with a Parent Special Investment, the right of the Borrower to borrow an Advance on an Advance Date pursuant to Section 2 and to use the proceeds of any such Advance to purchase Portfolio Investments on any Acquisition Date is subject to the satisfaction or the waiver by the Noteholder, on or prior to the proposed Advance Date, of the following conditions precedent:

(a) Prior to the Acquisition of the applicable Portfolio Investments, the Noteholder shall have received for Exela Notes, one (1) Business Day and for Exela Term Loans, three (3) Business Days' prior written notice of the proposed Acquisition, which notice identifies (i) the Portfolio Investment to be Acquired, (ii) the proposed settlement date for such Acquisition (for Exela Notes) or the proposed effective date of transfer / assignment (for Exela Term Loans), (iii) the principal amount of the Advance requested, (iv) the purchase price for such Portfolio Investments to be Acquired, (v) the pro forma VWAP calculation for such Acquisition and (vi) the amount, if any, of any additional Parent Investment to be made by Holdings prior to or simultaneously with the date of such proposed Advance;

(b) The additional Parent Investment has been made, and the Noteholder shall have received evidence satisfactory to the Noteholder that the additional Parent Investment (if required) has been made prior to or simultaneously with the Advance relating to the Acquisition of additional Portfolio Investments;

(c) The representations, warranties and covenant of the Borrower set forth in Section 7.19 hereof relating to the foregoing shall be true and correct in all respects;

(d) Other than as set forth in clause (c) above, the representations and warranties made by each Loan Party set forth herein and in each other Collateral Document shall be true and correct in all material respects on and as of the Advance Date (except where such representations and warranties that are qualified by "materiality", "in all material respects", "Material Adverse Effect" or words of similar import, then such representations and warranties shall be true and correct in all respects), except with respect to those made only as of the Closing Date in which case such representations and warranties shall be true and correct;

(e) No Default or Event of Default shall have occurred and be continuing on the Advance Date, determined immediately prior to and immediately after giving effect to the Advance;

(f) The purchase price in respect of the principal amount of any Portfolio Investment to be Acquired shall not be greater than par for such Portfolio Investment as determined by the Noteholder in its reasonable discretion; and

(g) The Noteholder shall have a First Priority, perfected Lien on the subject Portfolio Investment and the other Collateral.

Notwithstanding anything to the contrary contained herein, no Acquisition of Portfolio Investments shall be permitted if, as a result of such proposed Acquisition, the VWAP would exceed one hundred percent (100%).

12.3 Additional Closing Conditions. The obligation of the Noteholder to make the Loan required to be made by it hereunder in connection with the Parent Special Investment is subject to the satisfaction or the waiver by the Noteholder of the following conditions precedent:

(a) The Noteholder shall have received:

(i) this Note, duly executed and delivered by an authorized officer of the Borrower;

(ii) in form and substance satisfactory to the Noteholder, a certificate from each Loan Party, certified by an authorized officer of such Loan Party, including:

(A) a certificate of incorporation, formation or organization, as applicable, of such Loan Party certified by the Secretary of State of the State of in which such Loan Party is incorporated or formed, as applicable;

(B) by-laws, limited liability company agreement or limited partnership agreement, as applicable, of such Loan Party as in effect on the date on which the resolutions referred to below were adopted;

(C) resolutions of the governing body of such Loan Party approving the transaction and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary limited liability company action;

(D) a certification that the names, titles, and signatures of the officers of such Loan Party authorized to sign each Loan Document and other documents to be delivered hereunder and thereunder are true and correct;

(E) a good standing certificate for such Loan Party from the Secretary of State of the State in which such Loan Party was incorporated, formed or organized, as applicable; and

(F) a certification of the matters set forth in subsections (c) and (d) below;

(iii) payment of all fees required to be paid and payment of all reasonable out-of-pocket expenses for which invoices have been presented (including the reasonable out-of-pocket fees and expenses of legal counsel), on or before the Closing Date; and

(b) The Noteholder shall have also received the following Opinion Letters, each in form, scope and substance reasonably satisfactory to the Noteholder:

(i) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated herein and therein as the Noteholder shall reasonably request; and

(ii) [a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the status of the Borrower as a bankruptcy-remote entity and non-consolidation with Parent, as the Noteholder shall reasonably request.]

(c) Each of the representations and warranties made by each Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (except where such representations and warranties that are qualified by "materiality", "in all material respects", "Material Adverse Effect" or words of similar import, then such representations and warranties shall be true and correct in all respects) on and as of the Closing Date.

(d) The Noteholder shall have a First Priority, perfected Lien on the subject Portfolio Investment to be acquired with the Parent Special Investment, and the other Collateral.

(e) No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loan requested to be made on the Closing Date.

(f) The Noteholder shall have received an executed copy of the purchase agreements or exchange agreements to be funded in part with the Parent Special Investment.

(g) The Parent Special Investment has been made, and the Noteholder shall have received evidence satisfactory to the Noteholder that the equity contribution relating to the Parent Special Investment has been made prior to or simultaneously with the Advance relating to the Parent Special Investment.

13. Miscellaneous.

13.1 Notices.

(a) All notices, requests, or other communications required or permitted to be delivered hereunder shall be delivered in writing, in each case to the address specified below or to such other address as such Party may from time to time specify in writing in compliance with this provision:

(i) If to the Borrower:

2701 East Grauwyler Road
Irving, Texas 75061
Attention: Legal Department
Email: legalnotices@exelatech.com and
xcv@exelatech.com

With a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
787 Seventh Ave.
New York NY 10019
Attn: Maurice Lefkort
Fax: (212) 728-8111
Email: mlefkort@willkie.com

(ii) If to Holdings:
2701 East Grauwyler Road
Irving, Texas 75061
Attention: Legal Department
Email: legalnotices@exelatech.com and
xcv@exelatech.com

With a copy to (which shall not constitute notice):
Willkie Farr & Gallagher LLP
787 Seventh Ave.
New York NY 10019
Attn: Maurice Lefkort
Fax: (212) 728-8111
Email: mlefkort@willkie.com

(iii) If to the Noteholder:
11100 Santa Monica Blvd., Ste 800
Los Angeles, CA 90025
Attn: General Counsel
Telephone: (310) 966-1444
Email: legal@brileyfin.com

With a copy to (which shall not constitute notice):

Duane Morris LLP
1037 Raymond Blvd., Suite 1800
Newark, NJ 07102
Attn: James T. Seery
Telephone: (973) 424-2088
Email: jtseery@duanemorris.com

(b) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received; and (ii) sent by email shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by "return receipt requested" function, as available, return email, or other written acknowledgment).

13.2 Expenses; Indemnification.

(a) The Borrower shall reimburse the Noteholder on demand for all reasonable and documented out-of-pocket costs, expenses, and fees (including reasonable and documented out-of-pocket expenses and fees of Duane Morris LLP and such other special or local counsel whose retention is approved by the Borrower) incurred by the Noteholder in connection with the transactions contemplated hereby including the negotiation, documentation, and execution of this Note and the Collateral Documents and the enforcement of the Noteholder's rights hereunder and thereunder.

(b) The Borrower agrees to indemnify and hold harmless the Noteholder and each of its Related Parties (each, an "Indemnified Party") from and against, any and all claims, damages, losses, liabilities, and related expenses (including the reasonable and documented out-of-pocket fees, charges, and expenses of Duane Morris LLP, as counsel for the Indemnified Parties, or such other counsel selected by the Indemnified Parties, and such other special or local counsel whose retention is approved by the Borrower), incurred by any Indemnified Party or asserted against any Indemnified Party by any Person (including the Borrower and Holdings) other than such Indemnified Party and its Related Parties arising out of, in connection with, or by reason of:

(i) the execution or delivery of this Note and the Collateral Documents or any agreement or instrument contemplated in this Note or the Collateral Documents, the performance by the parties thereto of their respective obligations under this Note or the Collateral Documents, or the consummation of the transactions contemplated by this Note or the Collateral Documents;

(ii) any Loan or the actual or proposed use of the proceeds therefrom;

(iii) any actual or alleged presence or release of hazardous materials on or from any property currently or formerly owned or operated by the Borrower, or any environmental liability related to the Borrower in any way; or

(iv) any actual or prospective claim, investigation, litigation, or proceeding relating to any of the foregoing, whether based on contract, tort, or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnified Party is a party thereto;

provided that, such indemnity shall not be available to any Indemnified Party to the extent that such claims, damages, losses, liabilities, or related expenses (A) are determined by a court of competent jurisdiction in a final non-appealable order to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Party, (B) [reserved] or (C) arise in connection with claims solely among the Indemnified Parties. This Section 13.2 shall only apply to Taxes that represent losses, claims, damages, or similar charges arising from a non-Tax claim.

(c) The Borrower agrees, to the fullest extent permitted by applicable law, not to assert, and hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential, or punitive damages (including, without limitation, any loss of profits or anticipated savings), as opposed to actual or direct damages, resulting from this Note or the Collateral Documents or arising out of such Indemnified Party's activities in connection herewith or therewith (whether before or after the date of this Note).

(d) All amounts due under Section 13.2 shall be payable not later than two (2) Business Days after demand is made for payment by the Noteholder.

(e) The Borrower agrees that will not settle, compromise, or consent to the entry of any judgment in any pending or threatened claim, action, or proceeding in respect of which indemnification or contribution could be sought under Section 13.2 (whether or not any Indemnified Party is an actual or potential party to such claim, action, or proceeding) without the prior written consent of the applicable Indemnified Party, unless such settlement, compromise, or consent includes an unconditional release of such Indemnified Party from all liability arising out of such claim, action, or proceeding.

13.3 Governing Law. This Note, the Collateral Documents, and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, the Collateral Documents, and the transactions contemplated hereby and thereby shall be governed by the laws of the State of New York.

13.4 Submission to Jurisdiction.

(a) The Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note or the Security Agreement may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final

judgment against the Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 13.4 shall affect the right of the Noteholder to (i) commence legal proceedings or otherwise sue the Borrower in any other court having jurisdiction over the Borrower or (ii) serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

13.5 Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note or the Security Agreement in any court referred to in Section 13.4 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

13.6 Waiver of Jury Trial. THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE SECURITY AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

13.7 Integration. This Note and the Collateral Documents constitute the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

13.8 Successors and Assigns; Pledge of Note.

(a) This Note may not be assigned by the Noteholder to any other Person other than to (i) an Affiliate of the Noteholder or (ii) any other Person (other than a natural person) in the business of making loans and other extensions of credit, provided, that, solely for this sub-clause (a)(ii), so long as no Event of Default has occurred, no such assignment shall be made (A) to (x) any Person identified by Holdings in writing to the Noteholder on or prior to the Closing Date as being a “disqualified Person”, (y) any competitors of Parent or Exela Intermediate or Affiliates of such competitors (for the avoidance of doubt, a Person shall not be deemed an Affiliate of a competitor solely because it provides debt financing to a competitor or Affiliate of a competitor) that are reasonably identified by Borrower as being a “disqualified Person” after the Closing Date, or (z) any Affiliates of any such “disqualified Person” that are reasonably identifiable by the Noteholder solely by reference to the name of such “disqualified Person”, and (B) without the consent of the Borrower, which consent shall not be unreasonably withheld conditioned or delayed.

(b) The Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Noteholder.

(c) This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

(d) The Noteholder may pledge this Note and its rights under the Collateral Documents to any of its financing sources and lenders from time to time, in each case, without the consent of the Borrower.

13.9 Waiver of Notice. The Borrower hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, and diligence in taking any action to collect sums owing hereunder.

13.10 PATRIOT Act. The Noteholder hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act and 31 C.F.R. § 1010.230 (the "**Beneficial Ownership Regulation**"), it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Noteholder to identify the Borrower in accordance with the PATRIOT Act and the Beneficial Ownership Regulation, and the Borrower agrees to provide such information from time to time to the Noteholder upon the Noteholder's reasonable request therefor.

13.11 Amendments and Waivers. No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the Parties. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

13.12 Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.

13.13 No Waiver; Cumulative Remedies. No failure to exercise, and no delay in exercising on the part of the Noteholder, of any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

13.14 Electronic Execution. The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or electronic records, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based record-keeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001 to 7031), the Uniform Electronic Transactions Act (UETA), or any state law based on the UETA, including the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301 to 309).

13.15 Severability. If any term or provision of this Note or any Collateral Document is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or

unenforceability shall not affect any other term or provision of this Note or such Collateral Document or invalidate or render unenforceable such term or provision in any other jurisdiction.

13.16 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

13.17 SUBORDINATION

(a) Anything in this Note or the other Loan Documents to the contrary notwithstanding, the Borrower agrees for the benefit of the Noteholder that the rights of Holdings to receive distributions or payments by or from the Borrower and in and to the Collateral, including any payment from Proceeds of Collateral, shall be subordinate and junior to the rights of the Noteholder to receive payment in full in Cash of all Obligations, including without limitation, the Loan (such subordinate and junior interests, "**Subordinate Interests**"), to the extent and in the manner set forth in this Note, including as set forth in Section 6.2 and/or hereinafter provided. Upon the occurrence of any Event of Default that has not been waived in accordance with the provisions hereof, and notwithstanding anything contained in herein to the contrary, interest on and principal of and other amounts owing in respect of the Note and all other Obligations arising under or in respect of any of the Loan Documents shall be paid in full in Cash before any payment or distribution is made to Holdings.

(b) If notwithstanding the provisions of this Note herein, Holdings shall have received any payment or distribution in respect of any Subordinate Interests contrary to the provisions of this Note, then, unless and until either the Loan and all other Obligations arising under or in respect of the Loan Documents (other than contingent obligations for which no claim has been asserted and other indemnity and contractual obligations which by their terms survive termination of this Note or any other Loan Document) shall have been paid in full in Cash in accordance with this Note, such payment or distribution shall be received and held in trust for the benefit of, and shall forthwith be paid over and delivered to, the Noteholder; provided that, if any such payment or distribution is made other than in Cash, it shall be held by the Noteholder as part of the Collateral and shall be subject in all respects (e.g., and may be foreclosed upon pursuant) to the provisions of this Note, including this Section 13.17.

(c) The Borrower and Holdings each agrees with the Noteholder that neither the Borrower nor Holdings shall demand, accept, or receive any payment or distribution in respect of such Subordinate Interests in violation of the provisions of this Note, including Section 9.7 or this Section 13.17.

(d) In exercising any of its voting rights, rights to direct and consent or any other rights as the Noteholder under this Note, subject to the terms and conditions of

this Note, the Noteholder shall not have any obligation or duty to any Person or to consider or take into account the interests of any Person and shall not be liable to any Person for any action taken by it or them or at its or their direction or any failure by it or them to act or to direct that an action be taken, without regard to whether such action or inaction benefits or adversely affects the Noteholder, the Borrower or any other Person, except for any liability to which the Noteholder may be subject to the extent the same results from the Noteholder's taking or directing an action, or failing to take or direct an action, in bad faith or in violation of the express terms of this Note.

13.18 CONFIDENTIALITY. Noteholder agrees to maintain the confidentiality of all information relating to the Borrower or its businesses (a) provided to it by or on behalf of the Borrower or any of its Affiliates pursuant to or in connection with the Loan Documents or (b) obtained by Noteholder based on a review of the books and records of the Borrower; provided that nothing herein shall prevent any Noteholder from disclosing any such information (i) to any other Noteholder, (ii) subject to an agreement containing a confidentiality provision substantially the same as this provision, to any transferee, or prospective transferee, (iii) to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential); (iv) upon the request or demand of, or in connection with regulatory examinations and reviews conducted by, any Governmental Authority having or purporting to have jurisdiction over Noteholder or its Affiliates, or to the extent required in response to any order of any court or subpoena, or in response to any other Governmental Authority, or as shall otherwise be required pursuant to any applicable Law, provided that, other than with respect to any such regulatory examination, to the extent permitted by applicable law the Noteholder will use reasonable efforts to notify the Borrower any such disclosure pursuant to this clause (iv) as far in advance as is reasonably practicable under the circumstances, (v) which has been publicly disclosed other than in breach of this Agreement, (vi) in connection with the exercise of any rights or remedy hereunder or under any Loan Document or any action or proceeding relating to this Note or any other Loan Document or the enforcement of rights hereunder or thereunder, (vii) in connection with any litigation to which Noteholder may be a party, provided that to the extent permitted by applicable law the Noteholder will use reasonable efforts to notify the Borrower any such disclosure pursuant to this clause (vii) as far in advance as is reasonably practicable under the circumstances, and (viii) if, prior to such information having been so provided or obtained, such information was already in Noteholder's possession on a non-confidential basis without a duty of confidentiality to the Borrower being violated. Notwithstanding any other provision of this Agreement or any other Loan Document, the provisions of this Section 13.18 shall survive with respect to each Noteholder until the second anniversary of Noteholder ceasing to be a Noteholder hereunder.

13.19 Amendment and Restatement. This Note shall amends and restates, replaces and supersedes that certain Secured Promissory Note in the principal amount of $75,000,000 made by Borrower to the order of Noteholder dated November 17, 2021 (the "Prior Note"); provided, however, that the execution and delivery of this Note shall not in any circumstance be deemed to have terminated, extinguished or discharged Borrower's indebtedness under such Prior Note, all of which indebtedness shall continue under and be

governed by this Note and the other Loan Documents. This Note is a replacement, consolidation, amendment and restatement of the Prior Note and IS NOT A NOVATION. Borrower shall also pay and this Note shall also evidence any and all unpaid interest on the Loan made by Noteholder to Borrower pursuant to Prior Note, and at the interest rate specified therein, for which this Note has been issued as replacement therefor.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first written above.

GP 2XCV LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

[Signature Page to A&R Promissory Note]

For the limited purposes of its agreement in Section 8.8(c), Section 8.8(d), Section 9 and Section 13.17 of the Note, Holdings has executed this Note as of the date first written above.

GP 2XCV HOLDINGS LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

[Signature Page to A&R Promissory Note]

Acknowledged and Agreed:

B. RILEY COMMERCIAL CAPITAL, LLC

By: /s/ Phillip J. Ahn
Name: Phillip J. Ahn
Title: CFO

EXHIBIT A

Payments on the Loan

Amount of Principal Paid	Unpaid Principal Amount of the Loan	Name of Person Making the Notation

EXHIBIT 8.9

FORM OF COMPLIANCE CERTIFICATE

[*Date*]

B. Reily Commercial Capital, LLC
11100 Santa Monica Blvd., Ste 800
Los Angeles, CA 90025
Attn: General Counsel
Telephone: (310) 966-1444
Email: legal@brileyfin.com

Ladies and Gentlemen:

Reference is made to the Amended and Restated Secured Promissory Note, dated as of December 7, 2021 (as amended, restated, supplemented, or otherwise modified and in effect from time to time, the "Note"), between **GP 2XCV LLC**, a Delaware limited liability company (the "Borrower") and **B. REILY COMMERCIAL CAPITAL, LLC**, a Delaware limited liability company (the "Noteholder"), and acknowledged by **GP 2XCV HOLDINGS LLC**, a Delaware limited liability company ("Holdings"). Terms defined in the Note are used herein with the same meanings.

I, [_____], being a duly appointed and qualified authorized signatory of Borrower, and acting in my capacity as an authorized signatory and not in my capacity as an individual, DO HEREBY CERTIFY that:

1. The financial statements provided concurrently herewith, as required by Section 8.9(a) of the Note, fairly present in all material respects the financial condition of the entities referenced therein as at the end of the Fiscal Quarter referenced therein on a consolidated basis, and the related statements of operations, cash flows and owner's equity of such entities for such Fiscal Quarter, in accordance with GAAP consistently applied (subject to normal year-end audit adjustments and the absence of footnotes in the case of the unaudited consolidated financial statements).

2. Based upon a review of the activities of Holdings and its Subsidiaries and the financial statements attached hereto during the period covered thereby, as of the date hereof, there exists [no Default or Event of Default.][a Default or Event of Default as specified below:

And the Borrower [has taken][proposes to take] the following actions with respect thereto:

3. [There has been no change in the legal name or type of organization of Holdings and the Borrower as of the end of the Fiscal Quarter ending [*date*] from what was previously identified by the Borrower to the Noteholder [on the Closing Date] [as of the most recent Fiscal Quarter.]

[A change has occurred in the legal name or type of organization of [_____] from what was previously identified by the Borrower to the Noteholder [on the Closing Date][as of the most recent Fiscal Quarter as specified below:

[Remainder of This Page Intentionally Left Blank.]

IN WITNESS WHEREOF, I have hereunto signed my name as of the date first above written.

_____

Name: [_____]
Title: Authorized Signatory

SCHEDULE 7.19

SCHEDULE 7.19(b)

None.

SCHEDULE 8.8

2701 East Grauwyler Road
Irving, Texas 75061

Exhibit 10.4

Execution Version

AMENDMENT NO. 2 TO
AMENDED AND RESTATED SECURED PROMISSORY NOTE

This AMENDMENT NO. 2 TO AMENDED AND RESTATED SECURED PROMISSORY NOTE (this "**Amendment**"), dated as of March 31, 2022, is entered into between **GP 2XCV LLC**, a Delaware limited liability company (the "**Borrower**"), and **B. RILEY COMMERCIAL CAPITAL, LLC**, a Delaware limited liability company, or its assigns (the "**Noteholder**," and together with the Borrower, the "**Parties**"), and acknowledged by GP 2XCV HOLDINGS LLC, a Delaware limited liability company ("**Holdings**").

WHEREAS, the Borrower has issued to the Noteholder an Amended and Restated Secured Promissory Note, with an effective date of November 17, 2021 and an amendment and restatement date of December 7, 2021 (as amended on January 13, 2022 pursuant to Amendment No. 1 to Amended and Restated Secured Promissory Note, and as further amended, restated, supplemented or otherwise modified from time to time in accordance with its provisions, the "**Note**");

WHEREAS, the Parties desire to amend the Note on the terms and subject to the conditions set forth herein;

WHEREAS, pursuant to Section 13.11 of the Note, the amendment requested by the Borrower must be contained in a written agreement signed by the Borrower and the Noteholder.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Definitions. Capitalized terms used and not defined in this Amendment shall have the respective meanings given them in the Note. Section 1.2 of the Note is incorporated by reference herein (for such purposes, any reference to the Note shall be construed as a reference to this Amendment).

1. Amendments to the Note.

A. The definition of "Advance" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

""**Advance**" is a collective reference to the funding by the Noteholder of (i) the Term Loan and (ii) the Revolving Loans."

B. The definition of "Exela Notes" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

"**Exela Notes**" refers collectively to (a) the notes issued under the Exela Indenture (including, for the avoidance of doubt, to the extent replaced / exchanged in accordance with the terms of the Exchange Document identified in clause (a) of the definition thereof) and (b) the notes issued under that certain 11.500% First-Priority Senior

Secured Notes Due 2026 Indenture, dated as of December 9, 2021, among Parent and Exela Financing, Inc., and U.S. Bank National Association, as trustee (as amended, restated, supplemented or otherwise modified from time to time).

C. The definition of "Fee Letter" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

""**Fee Letter**" means that certain Second Amended and Restated Fee Letter, dated as of the date hereof, between the Borrower and the Noteholder (as amended, restated, supplemented, or otherwise modified from time to time)."

The definition of "Loan" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

""**Loan**" means a collective reference to (i) the Term Loan and (ii) the Revolving Loan."

D. The definition of "Maturity Date" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

""**Maturity Date**" means the earlier of (a) March 31, 2023 and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 3.3 or Section 11; provided that if no Event of Default has occurred and is then-continuing the then-current Maturity Date with respect to the Revolving Loans only shall be automatically extended for successive six (6) month periods upon payment of the applicable fees payable pursuant to the Fee Letter, unless pursuant to written notice delivered by either Party to the other Party not less than thirty (30) days prior to the then-current Maturity Date, such notifying Party elects not to extend the Maturity Date."

E. The following new definitions shall be added to Section 1.1 of the Note, in alphabetical order:

a. ""**Letters of Credit**" shall mean the letters of credit identified by Borrower to the Noteholder in that certain Excel spreadsheet titled "CC+LC Schedules" on or prior to March 31, 2022."

b. ""**Revolving Loan(s)**" shall have the meaning ascribed to such term in Section 2A(a) of this Note."

c. ""**Revolving Credit Maximum**" shall mean an amount equal to the lesser of (A) $51,000,000 (the "**Revolving Commitment**") and (B) the sum of (i) 50% of LC Repayments from time to time, up to a maximum amount under this clause (i) of $7,000,000; (ii) 50% of the repayments pursuant to Section 3.3(e) hereof each month, up to a maximum amount under this clause (ii) of

$2,500,000 per month; (iii) 100% of the net proceeds of any optional prepayments of the Term Loan pursuant to Section 3.2 hereof; and (iv) upon the completion of the March Contribution, an amount equal to $10,000,000."

d. ""**Second Equity Support Letter**" means that certain letter agreement dated as of March 31, 2022 by and between Exela, the Noteholder and B. Riley Securities, Inc. (as amended, restated, supplemented, or otherwise modified from time to time)."

e. ""**Term Loan**" means the loan evidenced by this Note in the original aggregate principal amount of One Hundred Fifteen Million Dollars ($115,000,000.00), having an outstanding principal amount as of March 31, 2022 equal to $92,325,000.""

F. A new Section 2A shall be added to the Note as follows:

"2A. Revolving Loans.

(a) On the terms and subject to the conditions set forth in Section 2A(b) of Note, Noteholder agrees to make available one or more revolving loans (such loans collectively called "**Revolving Loans**" and individually called a "**Revolving Loan**") to Borrower from time to time on and after the Effective Date and on or prior to sixty (60) days prior to then-current Maturity Date on a revolving basis (i.e., subject to the terms, conditions and limitations set forth herein, Borrower may borrow, repay and re-borrow Revolving Loans); provided that the total outstanding principal amount of all of the Revolving Loans in the aggregate shall not exceed the Revolving Credit Maximum.

(b) The obligation of the Noteholder to make a Revolving Loan to Borrower, and the right of Borrower to borrow a Revolving Loan, is subject to the satisfaction or waiver by the Noteholder of the following conditions precedent:

(i) No Default or Event of Default shall have occurred and be continuing on the date of request for such Revolving Loan or the date of the funding thereof;

(ii) The principal amount of such Revolving Loan, when added to the principal amount of the Revolving Loans then-outstanding, shall not exceed the

Revolving Credit Maximum;

(iii) Borrower shall have delivered to Noteholder a borrowing request with respect to such Revolving Loan, no later than 12:00 p.m. (Pacific Time) at least five (5) Business Days prior to such proposed borrowing ("**Funding Date**"), provided that if the borrowing request is in excess of $5,000,000, the Borrower shall provide thirty (30) days' notice prior to the applicable Funding Date;

(iv) The representations and warranties made by each Loan Party in this Note and the other Loan Documents (except such representations and warranties made as of a specified date) shall be deemed to be remade by Borrower, and shall be true and correct in all material respects on and as of the date of such borrowing request and the Funding Date (notwithstanding the introductory clause in Section 7 hereof) (except that any representation or warranty which by its terms is made as of an earlier date shall be true and correct in all material respects as of such earlier date) each time that Borrower requests a Revolving Loan under this Note, and each such borrowing request shall also constitute a representation and warranty by Borrower that, immediately after giving effect to the funding of the requested Revolving Loan, no Default or Event of Default shall have occurred and remain continuing; and

(v) The Noteholder shall have a First Priority, perfected Lien on the Collateral.

Subject to the satisfaction or waiver by the Noteholder of the conditions set forth in this Section 2A(b), Noteholder will advance on the Funding Date a Revolving Loan.

(c) With respect to the Revolving Loans (and in lieu of Section 6.4 of the Note, which shall apply only with respect to Advances of the Term Loan), Noteholder shall maintain a loan account (the "**Loan Account**") on its books for Borrower in which shall be recorded (a) all Revolving Loans made by Noteholder to Borrower pursuant to this Note, (b) all payments made by Borrower on all such Revolving Loans, and (c) all other appropriate debits and credits as provided in this Note, including, without limitation, all fees, charges, expenses, and interest. All entries in the Loan Account shall be made in accordance with the terms of this Note and Noteholder's customary accounting practices as in effect from time to time. Borrower promises to pay the amount reflected as owing by Borrower under its Loan Account (absent manifest error) and all of its other obligations hereunder as such amounts become due or are declared due pursuant to the terms of this Note. Notwithstanding the foregoing, the failure so to record any such amount or any error in so recording any such amount shall not limit or otherwise affect Borrower's obligations under this Note to repay the outstanding principal amount of the Revolving Loans together with all interest accruing thereon. The Loan Account shall be available for inspection by Borrower or its designated agents or representatives at any reasonable time and from time to time upon reasonable prior notice."

2. Section 3.2 of the Note is hereby amended and restated in its entirety as follows:

"3.2 Optional Prepayments. The Borrower may prepay the Term Loan or the Revolving Loan in whole or in part at any time or from time to time by paying on the date of prepayment, the principal amount to be prepaid together with, accrued and unpaid interest thereon to the date of prepayment, but without premium or penalty, other than any applicable

the fees payable under the Fee Letter relating thereto. No prepaid amount of Term Loans may be reborrowed. Notwithstanding Section 6.2 hereof, any optional prepayments of the Term Loan or the Revolving Loan under this Section 3.2 shall be applied to the Term Loan or Revolving Loan, as applicable, and not ratably to all Loans. No optional prepayments of the Term Loan may be made while any Revolving Loan is outstanding.

G. Section 3.3 of the Note is hereby amended and restated in its entirety as follows:

"3.3 Mandatory Prepayments. The Borrower shall be required to prepay (or pay, in the case of clause (g) below) the outstanding principal balance of the Loan, together with any accrued and unpaid interest thereon and related fees and expenses hereunder or under any Loan Document upon the occurrence of the following events and in or to the extent of the following amounts (plus the above referenced interest and fees) (any such prepayment, a "**Mandatory Prepayment**"):

a. Upon the incurrence of any Debt not permitted under Section 9.1, in an amount equal to the net proceeds of such Debt;

b. Upon the receipt of any principal payments received under the Exela Notes or the Exela Term Loans, whether mandatory or voluntary, in the amount of such principal payments received;

c. Upon the receipt of any cash payment (including any portion of the "Cash Amount" (as defined in the Exchange Documents)) as consideration for the Exchange, in the amount of such cash payments received;

d. Upon the sale by the Borrower of any Portfolio Investment in accordance with Section 9.6 hereof;

e. Upon the events set forth in the Second Equity Support Letter, the amounts specified therein;

f. Promptly following the receipt from time to time by Parent of any cash collateral supporting the Letters of Credit or cash amounts returned by the beneficiaries of such Letters of Credit, in an amount equal to such cash so received, up to a maximum amount of $14,000,000 (the "**LC Repayments**");

g. No later than April 1, 2022, a principal amount of $20,000,000 (the "**First April Principal Payment**"); and

h. Upon the Maturity Date; provided that, in the event either Party elects not to extend the Maturity Date in respect of the Revolving Loans in accordance with the definition of "Maturity Date", the outstanding principal amount of the

Revolving Loans as of the Maturity Date shall be due and payable in 12 equal installments on the last Business Day of each calendar month thereafter."

H. Section 8.7 of the Note is hereby amended and restated in its entirety as follows:

"8.7 Use of Proceeds. Use the proceeds of the Term Loan and the Parent Investments solely to purchase Exela Notes and Exela Term Loans in accordance with the terms hereof, and use the proceeds of the Revolving Loan for general corporate purposes not otherwise prohibited hereunder."

I. Section 8.8(e) of the Note is hereby amended by replacing "the Portfolio Investments" with "the Loan Parties" therein.

J. Section 9.6 of the Note is hereby amended by adding the words "Except as otherwise permitted hereunder or under the Loan Documents," to the beginning of such section.

K. Section 9.7 of the Note is hereby amended by adding the words "Other than dividends from the proceeds of the Revolving Loan," to the beginning of such section.

2. Limited Effect. Each of Borrower and Holdings confirms and agrees that the Note and each other Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Note, this Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as modified by this Amendment. For greater certainty and without limiting the foregoing, each of Borrower and Holdings hereby confirms that the existing security interests granted by it in favor of the Noteholder pursuant to the Loan Documents in the Collateral described therein shall continue to secure the Obligations as and to the extent provided in the Loan Documents. The amendment contained herein shall not be construed as a waiver or amendment of any other provision of the Note or the other Loan Documents for any purpose except as expressly set forth herein or a consent to any further or future action on the part of the Borrower that would require the waiver or consent of Noteholder.

3. Conditions Precedent. This Amendment shall become effective upon the date (the "**Effective Date**") on which the Noteholder shall have received:

(a) This Amendment, duly executed and delivered by the Borrower, Noteholder and Holdings;

(b) The contribution to the Borrower's Collateral Account of Exela Notes in the face of amount of $25,000,000, (the "**March Contribution**"), in form and substance satisfactory to the Noteholder (for the avoidance of doubt, the Borrower and Holdings acknowledge and agree that such contributed Exela Notes shall, upon contribution thereof, be subject to a first priority security interest in favor of the Noteholder pursuant to the Security Agreement and the Securities Account Control Agreement);

(c) The execution of the Fee Letter by Borrower and Noteholder, and the payment by Borrower to Noteholder of the fees due and payable thereunder;

(d) The execution by the Borrower of an engagement letter with B. Riley Securities, Inc. and the payment of the fees thereunder;

(e) in form and substance satisfactory to the Noteholder, a certificate from each Loan Party, certified by an authorized officer or manager of such Loan Party, confirming: (i) each of the representations and warranties made by such Loan Party in or pursuant to the Loan Documents is true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof (except that any representation or warranty which by its terms is made as of an earlier date is true and correct in all material respects as of such earlier date), (ii) no Default or Event of Default has occurred or is continuing as of the date thereof, and (iii) the resolutions of the governing body of such Loan Party approving this Amendment and the transactions contemplated hereby; and

(f) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the Loan Parties, this Amendment, and the transactions contemplated herein and therein as the Noteholder shall reasonably request;

(g) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the status of the Borrower as a bankruptcy-remote entity and non-consolidation with Parent, as the Noteholder shall reasonably request;

(h) payment of all fees required to be paid and payment of all reasonable out-of-pocket expenses for which invoices have been presented (including the reasonable out-of-pocket fees and expenses of legal counsel), at least one (1) Business Day before the Effective Date; and

(i) copies of Uniform Commercial Code lien search reports, each as of a recent date, in all necessary or appropriate jurisdictions and under all legal and tradenames of the Loan Parties, as requested by the Noteholder, indicating that there are no prior Liens on the Collateral except as permitted under this Note or the applicable Collateral Documents;

(j) Each of the representations and warranties made by each Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects (except where such representations and warranties that are qualified by “materiality”, “in all material respects”, “Material Adverse Effect” or words of similar import, then such representations and warranties shall be true and correct in all respects) on and as of the Effective Date (except that any representation or warranty which by its terms is made as of an earlier date is true and correct in all material respects as of such earlier date); and

(k) No Default or Event of Default shall have occurred and be continuing on the Effective Date.

4. Representations and Warranties. The Borrower hereby represents and warrants to the Noteholder (before and after giving effect to this Amendment) that:

(a) This Amendment has been duly executed and delivered on behalf of the Borrower. This Amendment and the Note constitute the legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the representations and warranties made by the Borrower herein or in or pursuant to the Loan Documents is true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof (except that any representation or warranty which by its terms is made as of an earlier date is true and correct in all material respects as of such earlier date).

(c) No Default or Event of Default has occurred and is continuing, or will result from this Amendment.

5. Successors and Assigns. This Amendment shall inure to the benefit of and be binding upon the Borrower, the Noteholder, Holdings, and each of their respective permitted successors and assigns.

6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

7. Counterparts. This Amendment may be executed in any number of counterparts, all of which shall constitute one and the same agreement, and any party hereto may execute this Amendment by signing and delivering one or more counterparts. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

8. Costs and Expenses. The Borrower agrees to pay or reimburse the Noteholder for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of counsel to the Noteholder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

GP 2XCV LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

B. RILEY COMMERCIAL CAPITAL, LLC

By /s/ Phillip J. Ahn
Name: Phillip J. Ahn
Title: Chief Financial Officer

Acknowledged:
GP 2XCV HOLDINGS LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

GP 2XCV LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

B. RILEY COMMERCIAL CAPITAL, LLC

By /s/ Phillip J. Ahn
Name: Phillip J. Ahn
Title: Chief Financial Officer

Acknowledged:
GP 2XCV HOLDINGS LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Manager – Authorized Person

Exhibit 10.3

AMENDMENT NO. 1 TO AMENDED AND RESTATED SECURED PROMISSORY NOTE

Amendment No. 1 to Amended and Restated Secured Promissory Note (this "**Amendment**"), dated as of January 13, 2022, between **GP 2XCV LLC**, a Delaware limited liability company (the "**Borrower**"), and **B. RILEY COMMERCIAL CAPITAL, LLC**, a Delaware limited liability company, or its assigns (the "**Noteholder**," and together with the Borrower, the "**Parties**").

WHEREAS, the Borrower has issued to the Noteholder an Amended and Restated Secured Promissory Note, with an effective date of November 17, 2021 and an amendment and restatement date of December 7, 2021 (as amended, restated, supplemented or otherwise modified from time to time in accordance with its provisions, the "**Note**");

WHEREAS, the Parties desire to amend the Note on the terms and subject to the conditions set forth herein;

WHEREAS, the Borrower has requested, and the Noteholder has agreed, to amend the Note as set forth below, to exend the maturity thereof; and

WHEREAS, pursuant to Section 13.11 of the Note, the amendment requested by the Borrower must be contained in a written agreement signed by the Borrower and the Noteholder.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment shall have the respective meanings given them in the Note.

2. Amendment to the Note. The definition of "Maturity Date" in Section 1.1 of the Note is hereby deleted in its entirety and replaced with the following:

> ""**Maturity Date**" means the earlier of (a) March 31, 2023 and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 3.3 or **Error! Bookmark not defined.Error! Reference source not found.**,"

3. Limited Effect. Except as expressly provided hereby, all of the terms and provisions of the Note and the other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed by the Borrower. The amendment contained herein shall not be construed as a waiver or amendment of any other provision of the Note or the other Loan Documents or for any purpose except as expressly set forth herein or a consent to any further or future action on the part of the Borrower that would require the waiver or consent of Noteholder.

4. Conditions Precedent. This Amendment shall become effective upon the date (the "**Effective Date**") on which the Noteholder shall have received:

(a) This Amendment, duly executed and delivered by the Borrower;

(b) in form and substance satisfactory to the Noteholder, a certificate from each Loan Party, certified by an authorized officer of such Loan Party, confirming: (i) each of the representations and warranties made by such Loan Party in or pursuant to the Loan Documents is true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof (except that any representation or warranty which by its terms is made as of an earlier date shall be true and correct in all material respects as of such earlier date), (ii) no Default or Event of Default has occurred or is continuing as of the date thereof, and (iii) the resolutions of the governing body of such Loan Party approving this Amendment and the transactions contemplated hereby; and

(c) a favorable written opinion of Willkie, Farr & Gallagher, LLP, counsel to the Loan Parties, addressed to the Noteholder and covering such matters relating to the Loan Parties, this Amendment, and the transactions contemplated herein and therein as the Noteholder shall reasonably request.

5. Representations and Warranties. The Borrower hereby represents and warrants to the Noteholder (before and after giving effect to this Amendment) that:

(a) This Amendment has been duly executed and delivered on behalf of the Borrower. This Amendment and the Note constitute the legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the representations and warranties made by the Borrower herein or in or pursuant to the Loan Documents is true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof (except that any representation or warranty which by its terms is made as of an earlier date shall be true and correct in all material respects as of such earlier date).

(c) No Default or Event of Default has occurred and is continuing, or will result from this Amendment.

6. Successors and Assigns. This Amendment shall inure to the benefit of and be binding upon the Borrower, the Noteholder, and each of their respective permitted successors and assigns.

7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

8. Counterparts. This Amendment may be executed in any number of counterparts, all of which shall constitute one and the same agreement, and any party hereto may execute this Amendment by signing and delivering one or more counterparts. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

9. Costs and Expenses. The Borrower agrees to pay or reimburse the Noteholder for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of counsel to the Noteholder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

GP 2XCV LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Title: Manager – Authorized Person

B. RILEY COMMERCIAL CAPITAL, LLC

By /s/ Phillip J. Ahn
Name: Phillip J. Ahn
Title: CFO

Acknowledged:
GP 2XCV HOLDINGS LLC

By /s/ Matt Brown
Name: Matt Brown
Title: Title: Manager – Authorized Person

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) or RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Ronald Cogburn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exela Technologies, Inc. for the quarter ended March 31, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

/s/ Ronald Cogburn
Name: Ronald Cogburn
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) or RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Shrikant Sortur, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exela Technologies, Inc. for the quarter ended March 31, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2022

/s/ Shrikant Sortur
Name: Shrikant Sortur
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Exela Technologies, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald Cogburn, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2022

/s/ Ronald Cogburn
Name: Ronald Cogburn
Title: *Chief Executive Officer*

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Exela Technologies, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shrikant Sortur, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2022

/s/ Shrikant Sortur
Name: Shrikant Sortur
Title: *Chief Financial Officer*