



► ExlService Holdings Inc.
Second quarter 2024
financial results

August 1, 2024

EXL

Safe harbor

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to EXL's operations and business environment, all of which are difficult to predict and many of which are beyond EXL's control. Forward-looking statements include information concerning EXL's possible or assumed future results of operations, including descriptions of its business strategy. These statements may include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of management's experience in the industry as well as its perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. You should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although EXL believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect EXL's actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors, which include our ability to maintain and grow client demand, our ability to hire and retain sufficiently trained employees, and our ability to accurately estimate and/or manage costs, rising interest rates, rising inflation and recessionary economic trends, are discussed in more detail in EXL's filings with the Securities and Exchange Commission, including EXL's Annual Report on Form 10-K. You should keep in mind that any forward-looking statement made herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect EXL. EXL has no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.



Financial highlights: Second Quarter 2024

Q2 revenue of \$448.4 million, **up 10.7%** YoY and 2.7% from Q1 2024 on reported basis, with strong growth across both businesses

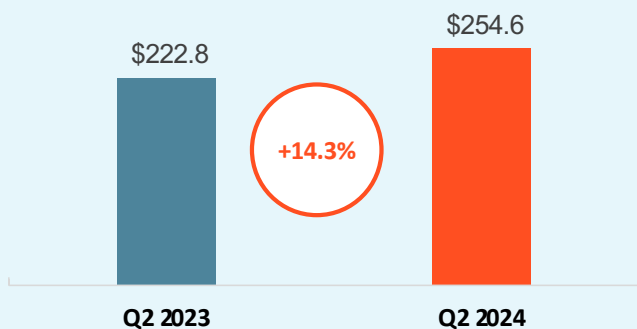
Q2 adj EPS¹ of \$0.40, **up 10.8%** YoY and 6.6% from Q1 2024.

Analytics segment Q2 revenue of \$193.8 million, **up 6.4%** YoY and 1.6% sequentially on reported basis.

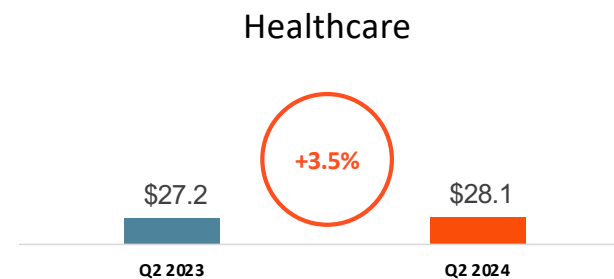
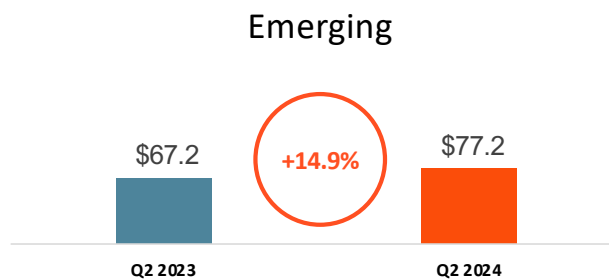
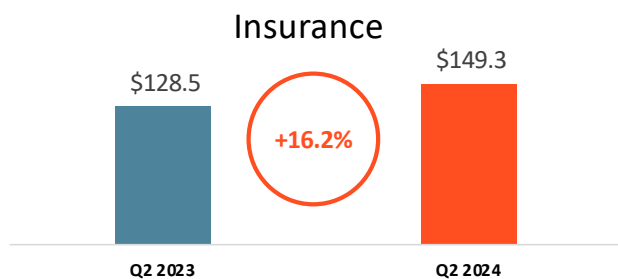
Digital Operations & Solutions Q2 revenue of \$254.6 million, **up 14.3%** YoY and 3.6% sequentially on reported basis.

1) See slides 9 to 12 for information regarding the use of our non-GAAP financial measures.

Q2 2024 Digital operations & solutions segment revenue (in millions)



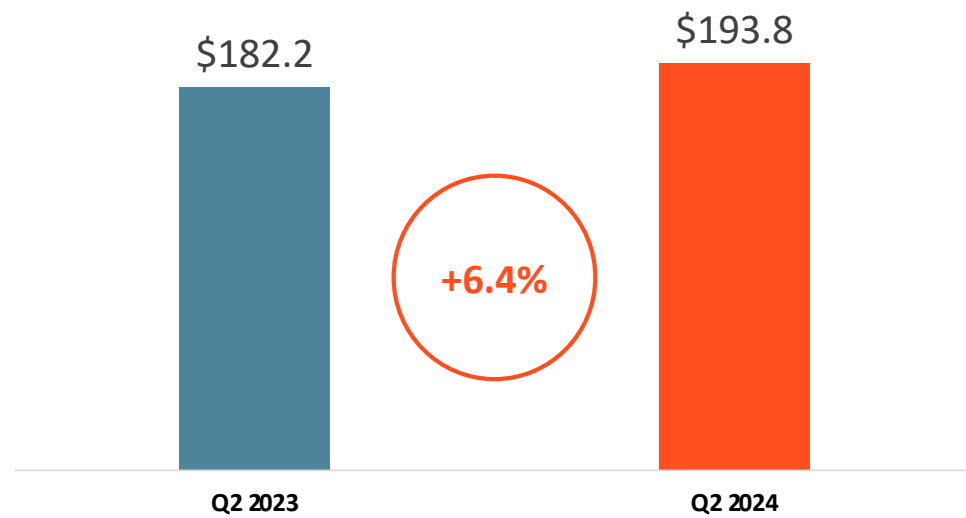
- Insurance growth driven primarily by expansion in existing client relationships and new client wins
- Emerging growth primarily driven by expansion of existing client relationships
- Healthcare growth driven by higher volumes in clinical services business



Q2 2024 Analytics segment revenue

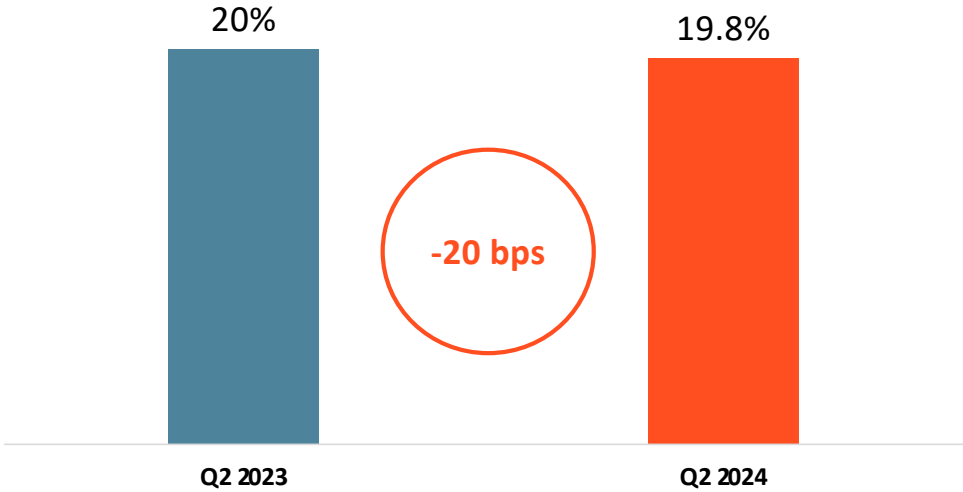
(in millions)

- Driven by higher volumes in healthcare payment services and growth in data management.



Q2 2024 Adjusted operating margin¹

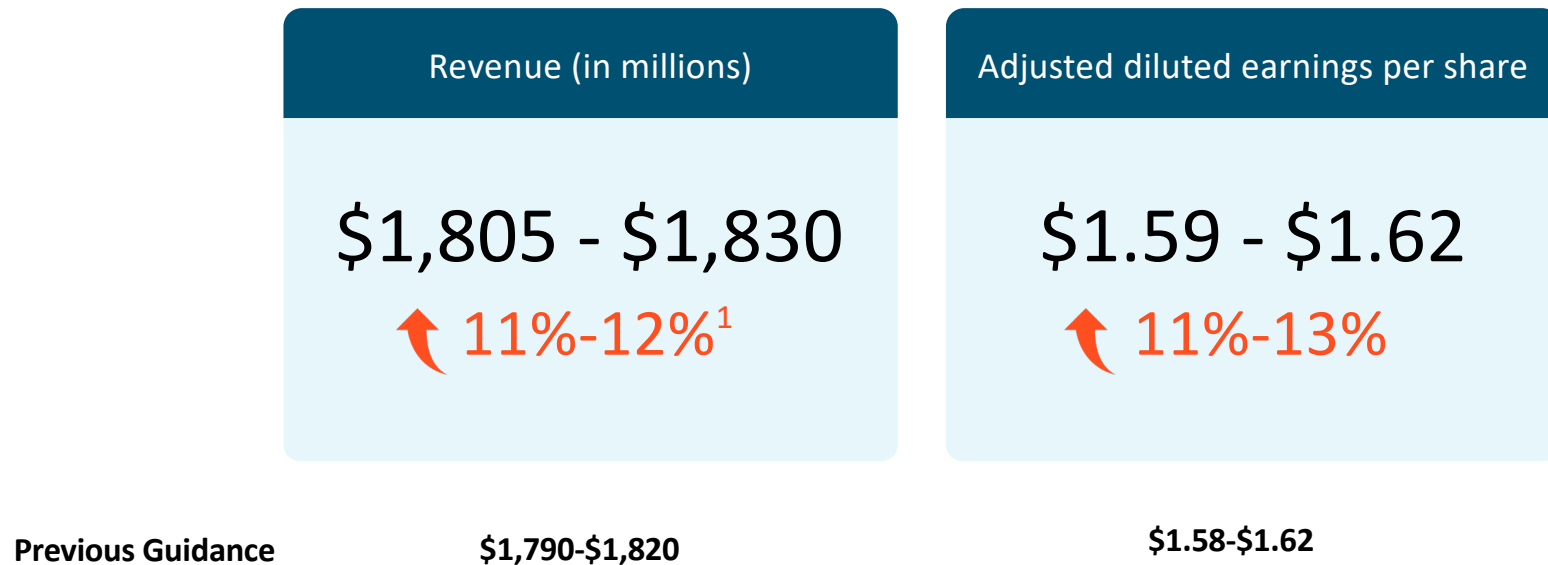
- Decline driven by increased SG&A investments



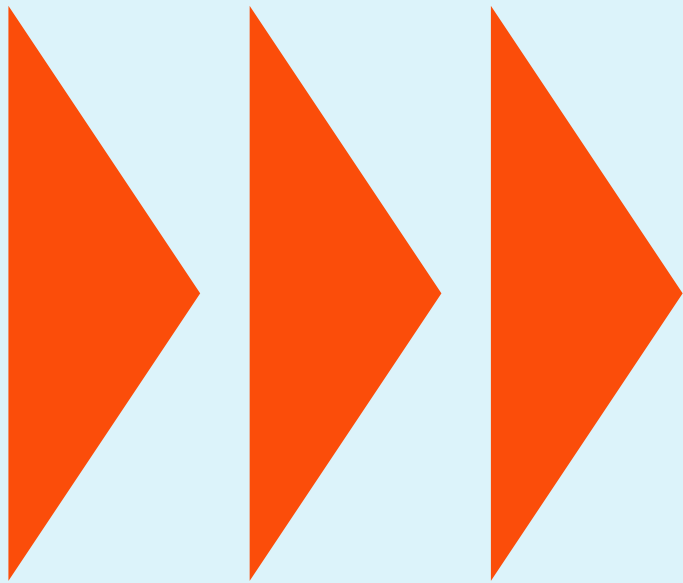
1) See slides 9 to 12 for information regarding the use of our non-GAAP financial measures.

2024 Revised guidance

Based on current visibility, and a U.S. dollar to Indian rupee exchange rate of 83.5, U.K. pound sterling to U.S. dollar exchange rate of 1.27, U.S. dollar to the Philippine peso exchange rate of 58.5 and all other currencies at current exchange rates



1) Reported Constant currency basis, refer to Slide 10 for details.



Appendix

Non-GAAP financial measures and reconciliations

In addition to its reported operating results in accordance with U.S. generally accepted accounting principles (GAAP), EXL has included in this release certain financial measures that are considered non-GAAP financial measures, including the following:

- Adjusted operating income and adjusted operating income margin;
- Adjusted EBITDA and adjusted EBITDA margin;
- Adjusted net income and adjusted diluted earnings per share; and
- Revenue growth on constant currency basis.

These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles, should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, the financial results calculated in accordance with GAAP and reconciliations from those financial statements should be carefully evaluated. EXL believes that providing these non-GAAP financial measures may help investors better understand EXL's underlying financial performance. Management also believes that these non-GAAP financial measures, when read in conjunction with EXL's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's results and comparisons of the Company's results with the results of other companies. Additionally, management considers some of these non-GAAP financial measures to determine variable compensation of its employees. The Company believes that it is unreasonably difficult to provide its earnings per share financial guidance in accordance with GAAP, or a qualitative reconciliation thereof, for a number of reasons, including, without limitation, the Company's inability to predict its future stock-based compensation expense under ASC Topic 718, the amortization of intangibles associated with future acquisitions and the currency fluctuations and associated tax effects. As such, the Company presents guidance with respect to adjusted diluted earnings per share. The Company also incurs significant non-cash charges for depreciation that may not be indicative of the Company's ability to generate cash flow.

EXL non-GAAP financial measures exclude, where applicable, stock-based compensation expense, amortization of acquisition-related intangible assets, provision for litigation matters, effects of termination of leases, certain defined social security contributions, allowance for certain material expected credit losses, other acquisition-related expenses or benefits and effect of any non-recurring tax adjustments. Acquisition-related expenses or benefits include, changes in the fair value of contingent consideration, external deal costs, integration expenses, direct and incremental travel costs and non-recurring benefits or losses. Our adjusted net income and adjusted diluted EPS also excludes the effects of income tax on the above pre-tax items, as applicable. The effects of income tax of each item is calculated by applying the statutory rate of the local tax regulations in the jurisdiction in which the item was incurred.

Non-GAAP financial measures and reconciliations (continued)

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and exclude costs that are recurring, namely stock-based compensation and amortization of acquisition-related intangible assets. EXL compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP financial measures to allow investors to evaluate such non-GAAP financial measures.

EXL's primary exchange rate exposure is with the Indian rupee, the U.K. pound sterling and the Philippine peso. The average exchange rate of the U.S. dollar against the Indian rupee increased from 82.20 during the quarter ended June 30, 2023 to 83.42 during the quarter ended June 30, 2024, representing a depreciation of 1.5% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso increased from 55.58 during the quarter ended June 30, 2023 to 58.29 during the quarter ended June 30, 2024, representing a depreciation of 4.9% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.25 during the quarter ended June 30, 2023 to 1.26 during the quarter ended June 30, 2024, representing an appreciation of 0.8% against the U.S. dollar.

Reconciliation of Adjusted Operating Income and Adjusted EBITDA
(Amounts in thousands)

	Three months ended		
	June 30,		March 31,
	2024	2023	2024
Net Income (GAAP)	\$ 45,825	\$ 49,068	\$ 48,763
add: Income tax expense	13,873	15,554	13,753
add/(subtract): Foreign exchange gain, net, interest expense, gain/(loss) from equity-method investment and other income/(loss), net	1,751	189	(992)
Income from operations (GAAP)	\$ 61,449	\$ 64,811	\$ 61,524
add: Stock-based compensation expense	18,095	11,511	17,852
add: Amortization of acquisition-related intangibles	3,077	4,204	3,080
add: Restructuring and litigation settlement costs (a)	6,174	—	—
add: Other expenses (b)	—	578	—
Adjusted operating income (Non-GAAP)	\$ 88,795	\$ 81,104	\$ 82,456
<i>Adjusted operating income margin as a % of Revenue (Non-GAAP)</i>	<i>19.8 %</i>	<i>20.0 %</i>	<i>18.9 %</i>
add: Depreciation on long-lived assets	9,833	8,289	9,266
Adjusted EBITDA (Non-GAAP)	\$ 98,628	\$ 89,393	\$ 91,722
<i>Adjusted EBITDA margin as a % of revenue (Non-GAAP)</i>	<i>22.0 %</i>	<i>22.1 %</i>	<i>21.0 %</i>

(a) To exclude effects of employee severance costs and outplacement support costs of \$4,762 and litigation settlement costs and associated legal fees of \$1,412 during the three months ended June 30, 2024.

(b) To exclude effects of lease termination of \$578 during the three months ended June 30, 2023.

Reconciliation of Adjusted Net Income and Adjusted Diluted Earnings Per Share
(Amounts in thousands, except per share data)

	Three months ended		
	June 30,		March 31,
	2024	2023	2024
Net income (GAAP)	\$ 45,825	\$ 49,068	\$ 48,763
add: Stock-based compensation expense	18,095	11,511	17,852
add: Amortization of acquisition-related intangibles	3,077	4,204	3,080
add: Restructuring and litigation settlement costs (a)	6,174	—	—
add: Other expenses (b)	—	578	—
subtract: Changes in fair value of contingent consideration	—	—	(589)
subtract: Tax impact on stock-based compensation expense (c)	(4,619)	(2,789)	(5,358)
subtract: Tax impact on amortization of acquisition-related intangibles	(765)	(1,036)	(766)
subtract: Tax impact on restructuring and litigation settlement costs	(1,588)	—	—
subtract: Tax impact on other expenses	—	(145)	—
add: Tax impact on changes in fair value of contingent consideration	—	—	151
Adjusted net income (Non-GAAP)	\$ 66,199	\$ 61,391	\$ 63,133
Adjusted diluted earnings per share (Non-GAAP)	\$ 0.40	\$ 0.36	\$ 0.38

(a) To exclude effects of employee severance costs and outplacement support costs of \$4,762 and litigation settlement costs and associated legal fees of \$1,412 during the three months ended June 30, 2024.

(b) To exclude effects of lease termination of \$578 during the three months ended June 30, 2023.

(c) Tax impact includes \$18 and \$190 during the three months ended June 30, 2024 and 2023 respectively, and \$7,523 during the three months ended March 31, 2024, related to discrete benefits recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.



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