ExlService Holdings, Inc.
Fourth Quarter 2022
Financial Results
February 23, 2023

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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.

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Financial Highlights

- ✓ 4Q revenue of $374.7 million, up 3.7% from 3Q and up 26.8% YoY on reported basis, with strong growth across both businesses
- ✓ 4Q adj EPS of $1.56, up 28.9% YoY
- ✓ Analytics segment 4Q revenue of $170.7 million, up 2.7% sequentially and up 35.0% YoY on reported basis.
- ✓ Analytics represents 46% of EXL's revenue in 2022
- ✓ Digital Operations & Solutions 4Q revenue of $204.0 million, up 4.6% sequentially and up 20.7% YoY on reported basis

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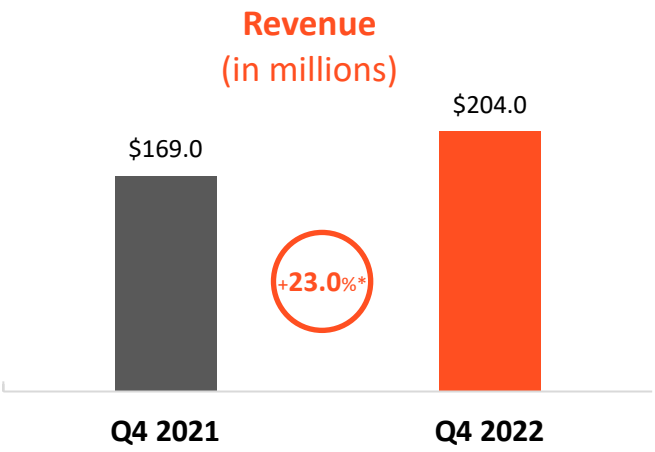
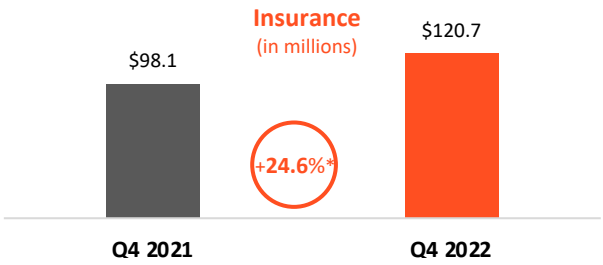
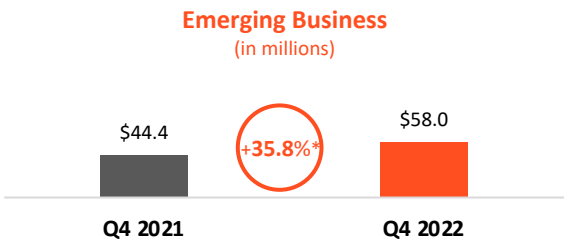
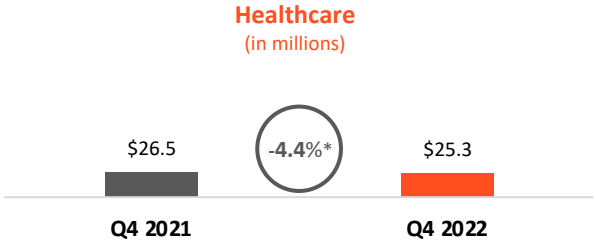
4Q 2022 Digital Operations & Solutions Segment Revenue



- Insurance growth driven by expansion in existing client relationships and new client wins in 2022
- Emerging Business growth driven by new client wins earlier in the year, higher volumes in Travel & Transportation and expansion in other existing client relationships
- Healthcare decline driven by lower volumes in the clinical services business







*Constant currency, see slide 10

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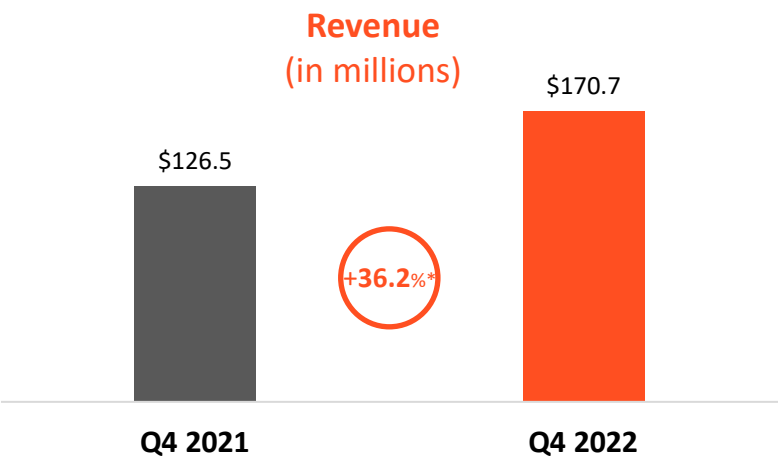
4Q 2022 Analytics Segment Revenue



- Growth in the fourth quarter was due to increased volumes in Banking & Financial Services, Healthcare and Retail
- Clairvoyant acquisition contributed $15.1 million of revenue in the fourth quarter

*Constant currency

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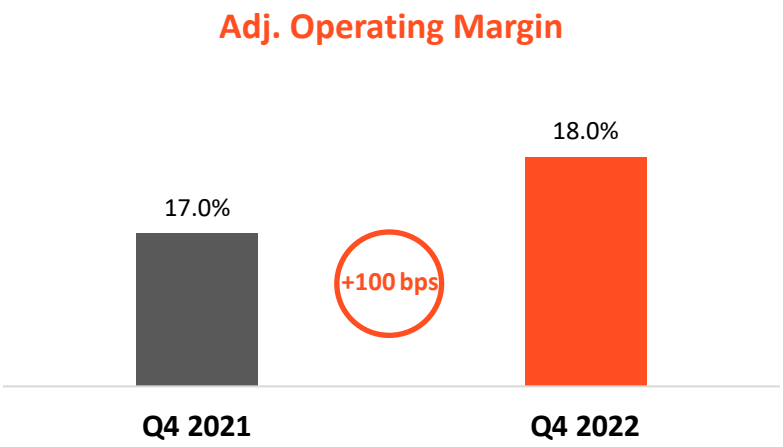
4Q 2022 Adjusted Operating Margin



- AOPM improvement driven by operating leverage and continued cost discipline

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2023 Guidance

Based on current visibility, and a U.S. dollar to Indian rupee exchange rate of 82.5, U.K. pound sterling to U.S. dollar exchange rate of 1.21, U.S. dollar to the Philippine peso exchange rate of 55.0 and all other currencies at current exchange rates

REVENUE (millions)	ADJUSTED EARNINGS PER SHARE
$1,560 - $1,600	**$6.60 - $6.80**
↑ 11%-14%[1]	↑ 10%-13%

1) Projected on a constant currency basis

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Appendix

Non-GAAP Financial Measures and Reconciliations

In addition to our reported operating results in accordance with U.S. generally accepted accounting principles (GAAP), we have included 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

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. We believe that providing these non-GAAP financial measures may help investors better understand our underlying financial performance. We also believe that these non-GAAP financial measures, when read in conjunction with our reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of our results and comparisons 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 further acquisitions and the currency fluctuations and associated tax impacts. 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 settlement, non-cash interest expense on convertible senior notes, impairment charges on acquired long-lived and intangible assets including goodwill, gains or losses on settlement of convertible notes, restructuring charges, effects of termination of leases, certain defined social security contributions, 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.

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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.

The information provided on an organic constant currency basis reflects a comparison of current period results translated at the prior period currency rates and exclude the impact from an acquisition for a twelve-month period from the date of the acquisition. This information is provided because EXL believes that it provides useful comparative incremental information to investors regarding EXL's true operating performance. 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 74.79 during the quarter ended December 31, 2021 to 82.31 during the quarter ended December 31, 2022, representing a depreciation of 10.1% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso increased from 50.60 during the quarter ended December 31, 2021 to 56.76 during the quarter ended December 31, 2022, representing a depreciation of 12.2% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar decreased from 1.35 during the quarter ended December 31, 2021 to 1.19 during the quarter ended December 31, 2022, representing a depreciation of 12.0% against the U.S. dollar.

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Reconciliation of Adjusted Operating Income and Adjusted EBITDA

(Amounts in thousands)

	Year ended December 31,		Three months ended December 31,		Three months ended September 30,
	2022	2021	2022	2021	2022
Net Income (GAAP)	**$ 142,968**	**$ 114,758**	**$ 31,849**	**$ 28,299**	**$ 39,095**
add: Income tax expense	47,565	31,850	12,791	9,831	12,447
add/(subtract): Other income/(expense) (a)	1,629	9,273	6,355	(2,072)	(1,431)
Income from operations (GAAP)	**$ 192,162**	**$ 155,881**	**$ 50,995**	**$ 36,058**	**$ 50,111**
add: Stock-based compensation expense	49,366	38,621	12,616	9,825	12,186
add: Amortization of acquisition-related intangibles	17,109	12,778	4,234	2,998	4,243
add/(subtract): Other expenses (b)	(40)	1,312	(560)	1,312	169
Adjusted operating income (Non -GAAP)	**$ 258,597**	**$ 208,592**	**$ 67,285**	**$ 50,193**	**$ 66,709**
Adjusted operating income margin as a % of Revenue (Non-GAAP)	*18.3 %*	*18.6 %*	*18.0 %*	*17.0 %*	*18.5 %*
add: Depreciation on long-lived assets	38,869	36,354	9,687	9,418	10,137
Adjusted EBITDA (Non-GAAP)	**$ 297,466**	**$ 244,946**	**$ 76,972**	**$ 59,611**	**$ 76,846**
Adjusted EBITDA margin as a % of revenue (Non-GAAP)	*21.1 %*	*21.8 %*	*20.5 %*	*20.2 %*	*21.3 %*

(a) Include foreign exchange gain/(loss), interest expense, loss on settlement of convertible notes, gain/(loss) from equity-method investment and other income/(loss), net.

(b) To exclude acquisition-related expenses of Clairvoyant of $134 and $761, expenses related to defined social security contribution plan in India for historical periods of $386 and $nil and effects of lease termination of ($560) and $551 for the year ended December 31, 2022 and 2021, respectively. To exclude effects of lease termination of ($560) and $551 and acquisition-related expenses of Clairvoyant of $nil and $761 for the three months ended December 31, 2022 and 2021, respectively

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Reconciliation of Adjusted Net Income and Adjusted Diluted Earnings Per Share

(Amounts in thousands, except per share data)

	Year ended December 31,		Three months ended December 31,		Three months ended September 30,
	2022	2021	2022	2021	2022
Net income (GAAP)	**$ 142,968**	**$ 114,758**	**$ 31,849**	**$ 28,299**	**$ 39,095**
add: Stock-based compensation expense	49,366	38,621	12,616	9,825	12,186
add: Amortization of acquisition-related intangibles	17,109	12,778	4,234	2,998	4,243
add: Non-cash interest expense and loss on settlement of convertible notes	—	14,640	—	—	—
add: Effects of changes in fair value of contingent consideration	8,500	—	7,500	—	—
add/(subtract): Other expenses/(benefits) (a)	635	1,312	(560)	1,312	481
subtract: Tax impact on stock-based compensation expense (b)	(9,785)	(9,535)	(930)	(2,406)	(2,833)
subtract: Tax impact on amortization of acquisition-related intangibles	(4,151)	(2,993)	(1,134)	(770)	(994)
subtract: Tax impact on non-cash interest expense and loss on settlement of convertible notes	—	(3,633)	—	(120)	—
add/(subtract): Tax impact on other expenses/(benefits)	(29)	(136)	141	(136)	(78)
add/(subtract): Other tax expenses/(benefits) (c)	(1,079)	(243)	(1,079)	2,168	—
Adjusted net income (Non-GAAP)	**$ 203,534**	**$ 165,569**	**$ 52,637**	**$ 41,170**	**$ 52,100**
Adjusted diluted earnings per share (Non-GAAP)	**$ 6.02**	**$ 4.83**	**$ 1.56**	**$ 1.21**	**$ 1.54**

(a) To exclude expenses related to defined social security contribution plan in India for historical periods of $1,061 and $ nil, acquisition-related expenses of Clairvoyant of $134 and $761 and effects of lease termination of ($560) and $551 for the year ended December 31, 2022 and 2021, respectively. To exclude effects of lease termination of ($560) and $551 and acquisition-related expenses of Clairvoyant of $nil and $761 for the three months ended December 31, 2022 and 2021, respectively.

(b) Tax impact includes $5,881 and $3,651 for the year ended December 31, 2022 and 2021 respectively; $2,349 and $2,095 for the three months ended December 31, 2022 and 2021 respectively related to discrete benefit recognized in income tax expense on adoption of ASU No. 2016-09, Compensation - Stock Compensation.

(c) To exclude other tax expense/(benefits) related to certain deferred tax assets and liabilities.

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