ExlService Holdings Inc.
Fourth quarter and Full Year 2023 financial results

February 29, 2024

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: Fourth Quarter 2023

Q4 revenue of $414.1 million, up 10.5% YoY and 0.8% from Q3 on reported basis, with strong growth across both businesses

Q4 adj EPS of $0.35, up 11.3% YoY

Analytics segment Q4 revenue of $182 million, up 6.6% YoY on reported basis.

Digital Operations & Solutions Q4 revenue of $232.1 million, up 13.8% YoY and 1.8% sequentially on reported basis.

The Board of Directors authorized a $500 million common stock repurchase program, effective March 1, 2024

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Financial highlights: Full Year 2023

Full year revenue of $1,630.7 million, up 15.5% YoY with strong growth across both businesses

Full Year adj EPS of $1.43, up 19.1% YoY

Analytics segment full year revenue of $729.1 million, up 12.6% YoY on reported basis

Digital Operations & Solutions full year revenue of $901.5 million, up 17.9% YoY on reported basis

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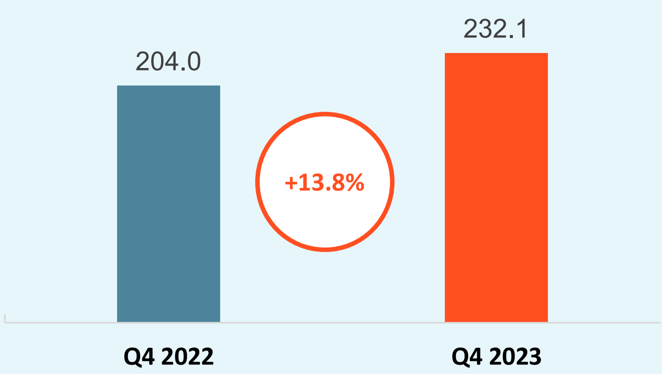
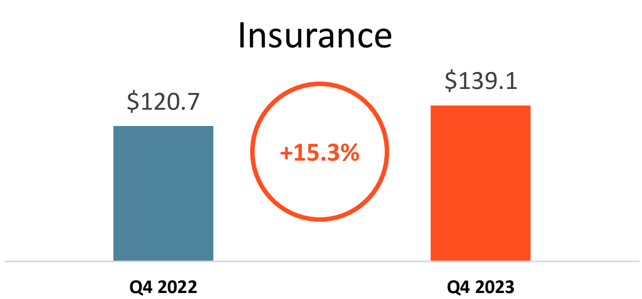
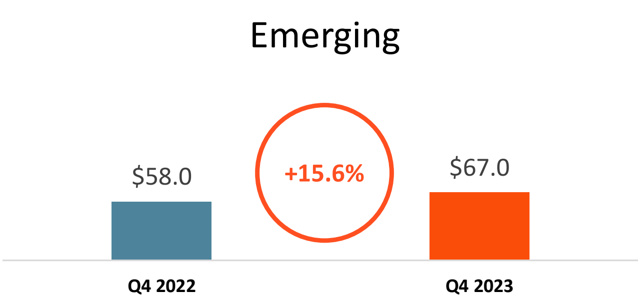
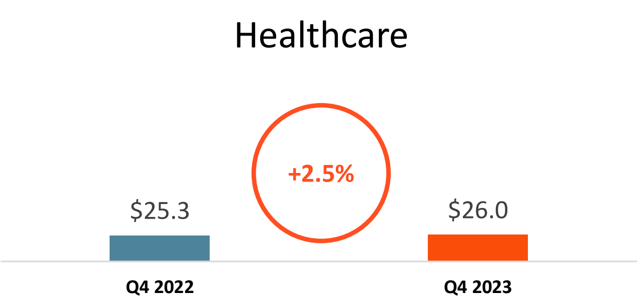
Q4 2023 Digital operations & solutions segment revenue (in millions)



- Growth was driven by expansion of existing client relationships and new client wins







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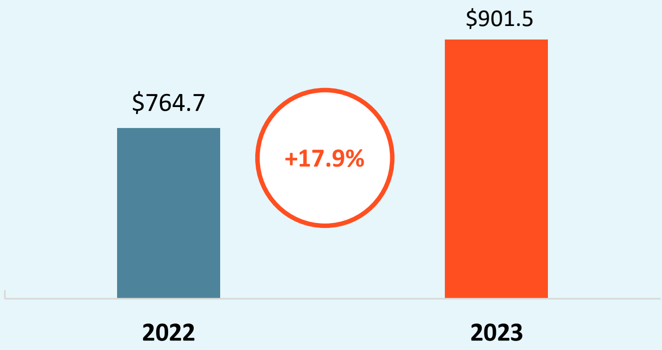
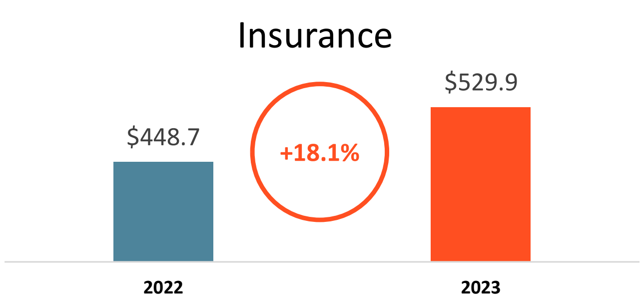
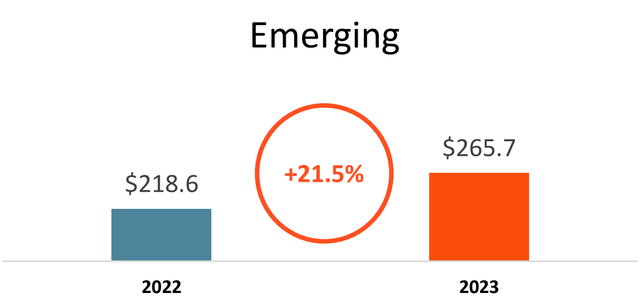
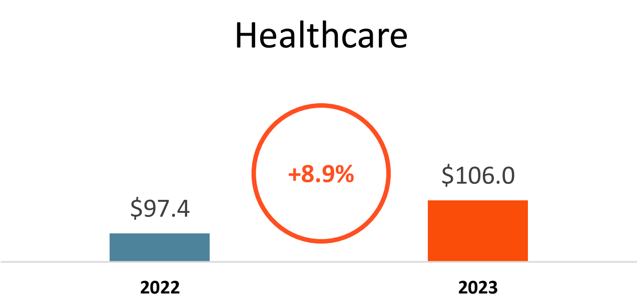
Full Year 2023 Digital operations & solutions segment revenue (in millions)



- Growth was driven by expansion of existing client relationships and new client win



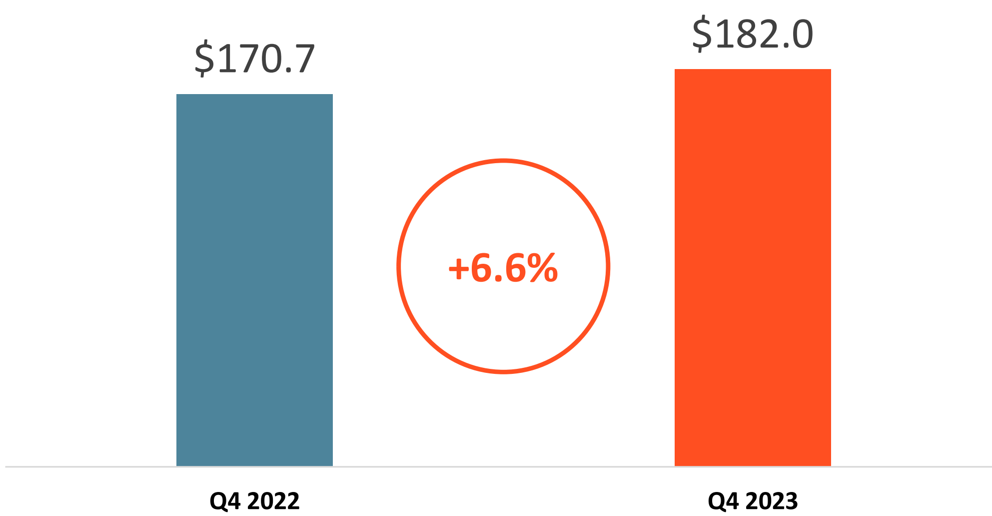




Q4 2023 Analytics segment revenue

(in millions)

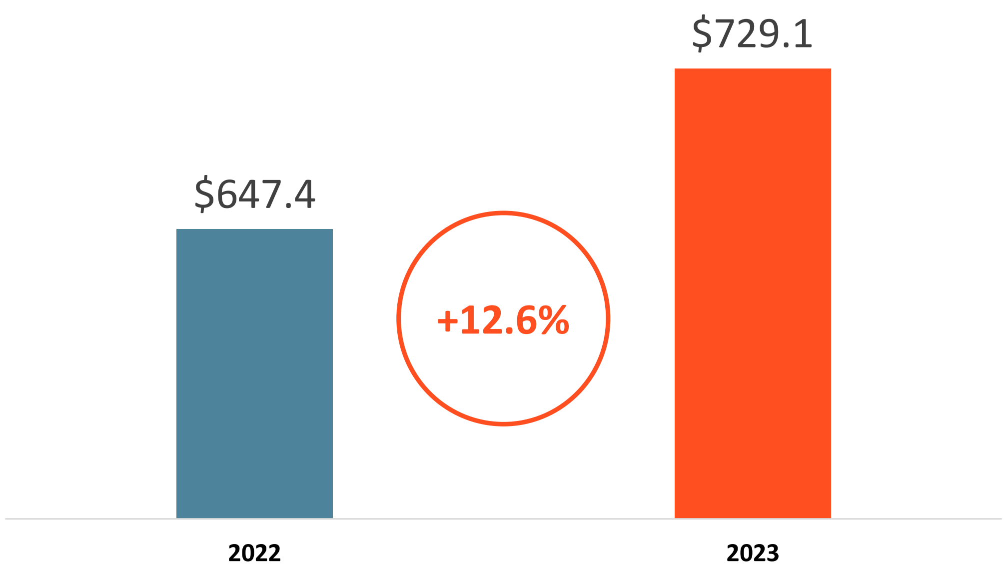
- Driven by higher volumes in Payment services and expansion of existing client relationships in data management, offset by decline in banking & financial services and marketing analytics



Full Year 2023 Analytics segment revenue

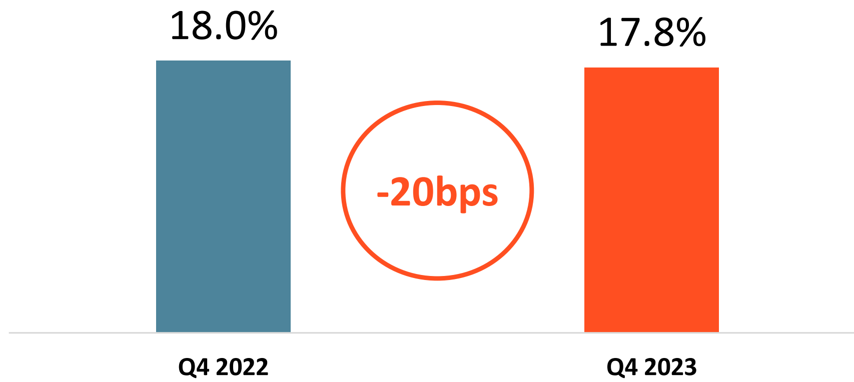
(in millions)

- Driven by strong growth in decision analytics, data management and payment integrity business, partially offset by a decline in marketing analytics



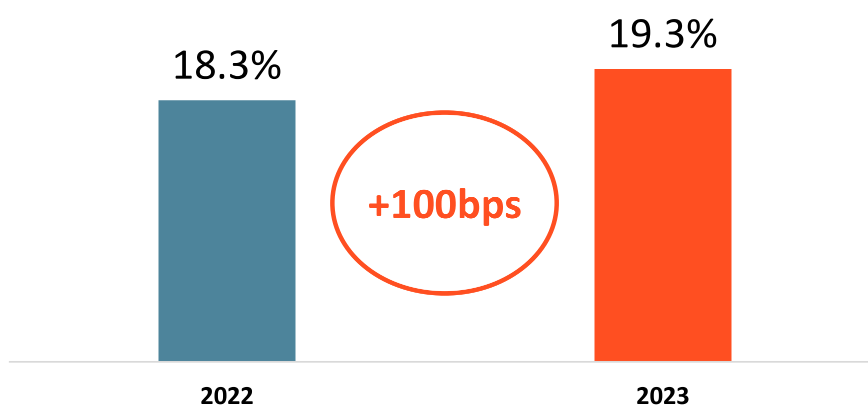
Q4 2023 Adjusted profit margin

- Decline driven by increased SG&A investments



Full Year 2023 Adjusted profit margin

- Improvement driven by gross margin improvement



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2024 guidance

Based on current visibility, and a U.S. dollar to Indian rupee exchange rate of 83, U.K. pound sterling to U.S. dollar exchange rate of 1.27, U.S. dollar to the Philippine peso exchange rate of 56 and all other currencies at current exchange rates

Revenue (in millions)	Adjusted diluted earnings per share
$1,780 - $1,820	$1.56 - $1.62
↑ 9%-12%[1]	↑ 9%-13%

1) Constant currency basis

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. EXL 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, EXL'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, we present guidance with respect to adjusted diluted earnings per share. EXL also incurs significant non-cash charges for depreciation that may not be indicative of our 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.

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 82.31 during the quarter ended December 31, 2022 to 83.28 during the quarter ended December 31, 2023, representing a depreciation of 1.2% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso decreased from 56.76 during the quarter ended December 31, 2022 to 55.86 during the quarter ended December 31, 2023, representing an appreciation of 1.6% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.19 during the quarter ended December 31, 2022 to 1.25 during the quarter ended December 31, 2023, representing an appreciation of 5.4% against the U.S. dollar.

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Reconciliation of Adjusted Operating Income and Adjusted EBITDA

(Amounts in thousands)

	Year ended December 31, 2023	Year ended December 31, 2022	Three months ended December 31, 2023	Three months ended December 31, 2022	Three months ended September 30, 2023
Net Income (GAAP)	**$ 184,558**	**$ 142,968**	**$ 40,283**	**$ 31,849**	**$ 43,876**
add: Income tax expense	53,536	47,565	15,763	12,791	14,161
add/(subtract): Foreign exchange gain, net, interest expense, gain/(loss) from equity-method investment and other income/(loss), net	661	1,629	(1,780)	6,355	2,193
Income from operations (GAAP)	**$ 238,755**	**$ 192,162**	**$ 54,266**	**$ 50,995**	**$ 60,230**
add: Stock-based compensation expense	58,437	49,366	15,452	12,616	17,067
add: Amortization of acquisition-related intangibles	14,678	17,109	3,168	4,234	3,157
add/(subtract): Allowance/(reversal) for expected credit losses (a)	1,436	—	(264)	—	1,700
add/(subtract): Other expenses/(benefits) (b)	1,384	(40)	895	(560)	—
Adjusted operating income (Non-GAAP)	**$ 314,690**	**$ 258,597**	**$ 73,517**	**$ 67,285**	**$ 82,154**
Adjusted operating income margin as a % of Revenue (Non-GAAP)	*19.3 %*	*18.3 %*	*17.8 %*	*18.0 %*	*20.0 %*
add: Depreciation on long-lived assets	34,434	38,869	9,130	9,687	8,426
Adjusted EBITDA (Non-GAAP)	**$ 349,124**	**$ 297,466**	**$ 82,647**	**$ 76,972**	**$ 90,580**
Adjusted EBITDA margin as a % of revenue (Non-GAAP)	*21.4 %*	*21.1 %*	*20.0 %*	*20.5 %*	*22.0 %*

(a) To exclude the effects of material allowance/(reversal) for expected credit losses on accounts receivables related to a customer bankruptcy event.

(b) To exclude provision for litigation of $895 and $386, effects of lease termination of $489 and ($560) and other items, individually insignificant of $nil and $134 for the year ended December 31, 2023 and 2022, respectively. To exclude provision for litigation of $895 and $nil, and effects of lease termination of $nil and ($560) for the three months ended December 31, 2023 and 2022, 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, 2023	Year ended December 31, 2022	Three months ended December 31, 2023	Three months ended December 31, 2022	Three months ended September 30, 2023
Net income (GAAP)	**$ 184,558**	**$ 142,968**	**$ 40,283**	**$ 31,849**	**$ 43,876**
add: Stock-based compensation expense	58,437	49,366	15,452	12,616	17,067
add: Amortization of acquisition-related intangibles	14,678	17,109	3,168	4,234	3,157
add/(subtract): Allowance/(reversal) for expected credit losses (a)	1,436	—	(264)	—	1,700
add/(subtract): Changes in fair value of contingent consideration	1,900	8,500	(600)	7,500	2,500
add/(subtract): Other expenses/(benefits) (b)	1,102	635	613	(560)	—
subtract: Tax impact on stock-based compensation expense (c)	(17,333)	(9,785)	(374)	(930)	(4,340)
subtract: Tax impact on amortization of acquisition-related intangibles	(3,622)	(4,151)	(792)	(1,134)	(771)
add/(subtract): Tax impact on allowance/(reversal) for expected credit losses	(364)	—	65	—	(429)
add: Tax impact on changes in fair value of contingent consideration	152	—	152	—	—
add/(subtract): Tax impact on other expenses/(benefits)	(280)	(29)	(157)	141	—
add/(subtract): Other tax expenses/(benefits) (d)	223	(1,079)	223	(1,079)	—
Adjusted net income (Non-GAAP)	**$ 240,887**	**$ 203,534**	**$ 57,769**	**$ 52,637**	**$ 62,760**
Adjusted diluted earnings per share (Non-GAAP)	**$ 1.43**	**$ 1.20**	**$ 0.35**	**$ 0.31**	**$ 0.37**

((a) To exclude the effects of material allowance/(reversal) for expected credit losses on accounts receivables related to a customer bankruptcy event.

(b) To exclude provision for litigation, net of $613 and $1,061, effects of lease termination of $489 and ($560) and other items, individually insignificant of $nil and $134 for the year ended December 31, 2023 and 2022, respectively. To exclude provision for litigation, net of $613 and $nil, and effects of lease termination of $nil and ($560) for the three months ended December 31, 2023 and 2022, respectively.

(c) Tax impact includes $15,055 and $5,881 for the year ended December 31, 2023 and 2022 respectively, $1,883 and $2,349 for the three months ended December 31, 2023 and 2022 respectively, and $462 for the three months ended September 30, 2023 related to discrete benefit recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.

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

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