

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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
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 001-33089

EXLSERVICE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
320 Park Avenue, 29th Floor,
New York, New York
(Address of principal executive offices)

82-0572194
(I.R.S. Employer
Identification No.)
10022
(Zip code)

(212) 277-7100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:		
Title of Each Class:	Trading symbol(s)	Name of Each Exchange on Which Registered:
Common Stock, par value \$0.001 per share	EXLS	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

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Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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 June 30, 2024, the aggregate market value of common stock held by non-affiliates was approximately \$4,926,377,147.

As of February 21, 2025, there were 162,304,673 shares of the registrant's common stock outstanding, par value \$0.001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information from certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year ended December 31, 2024.

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ITEM 1. Business

ExlService Holdings, Inc. (“EXL,” “we,” “us,” “our” or the “Company”), incorporated in Delaware in 2002, is a global data and artificial intelligence (“AI”) company that offers services and solutions to reinvent client business models, drive better outcomes and unlock growth with speed. EXL harnesses the power of data, AI, and deep industry knowledge to transform businesses, including the world’s leading corporations in industries including insurance, healthcare, banking and capital markets, retail, communications and media, and energy and infrastructure, among others. EXL was founded in 1999 with the core values of innovation, collaboration, excellence, integrity and respect. We are headquartered in New York and have approximately 59,500 employees spanning six continents.

We deliver advanced analytics and AI-powered digital operations and solutions to our clients, driving enterprise-scale business transformation initiatives that leverage our deep domain expertise in generative AI and cloud technology. Data, AI, analytics and digital have become core to virtually every significant move a business makes to serve customers, optimize business processes, stay competitive and grow. Our vision of being an indispensable partner for data and AI-led transformation reflects the long-term priorities of our clients’ businesses across industry sectors, and we continue to evolve our offerings to drive business outcomes. Our data and AI-led value creation framework enables better and faster decision making, leveraging our end-to-end data, analytics, AI capabilities and deep industry knowledge to drive improved business outcomes, and re-designing of operating models to integrate advanced technology into operational workflows. We embed AI, digital operations and solutions into clients’ businesses and introduce our data and AI-led approach to transform operations with every new engagement, which helps our clients achieve better customer experience, higher productivity, cost efficiency and improved business outcomes.

Through the end of 2024, we managed and reported financial information through our four reportable segments or strategic business units: Insurance, Healthcare, Analytics and Emerging Business, which reflected how management reviewed financial information and made operating decisions throughout that period. Our strategic business units align our products and services with how we manage our business, approach our key markets and interact with our clients. These business units develop client-specific solutions, build capabilities, maintain a unified go-to-market approach and are integrally responsible for service delivery, customer satisfaction, growth and profitability. By integrating AI, data and analytics directly into our client workflows, we drive intelligence into our clients’ digital operations that drive superior sales outcomes, optimize costs and power resilient and agile business models.

Digital Operations and Solutions

Our digital operations and solutions, which we deploy for our clients from our Insurance, Healthcare and Emerging Business strategic business units, are focused on solving complex industry challenges. We use a focused industry vertical approach, and our solutions are designed to help our clients realize their business and innovation goals and improve their strategic competitive position.

Some of our data and AI-driven digital operations and solutions include: a) multi-modal data ingestion using AI, and converting unstructured content into curated and usable data, b) real-time and comprehensive data insights with end-to-end data management and 360-degree customer views for our clients, c) omni-channel and frictionless customer experience including self-service, conversational AI and smart agent assist, d) AI-powered automation of transaction processing and e) automated quality, compliance and audits. Using these solutions, we have transformed client operations such as underwriting operations, claims processing, accounts payables processing, utilization management, member and provider contact center services and collections and accounts receivables. We manage and digitally transform these operations for our clients by deploying our solutions through a software-as-a-service (“SaaS”) model via our partners’ cloud network or a client’s on-cloud deployment model, to digitally transform their retained operations.

Our key digital and AI capabilities that drive data and technology-led transformation for our clients include generative AI, reinforcement learning, hyper-automation, cloud data management, conversational AI, robotics, enterprise architecture development, integration platform as a service and AI for Operations. Some of our key solutions are:

- Insurance Large Language Model (“LLM”) is an industry-specific LLM that supports critical claims and underwriting-related tasks, such as claims reconciliation, data extraction and interpretation, question-answering, anomaly detection and chronology summarization.
- Generative AI platform for the development and deployment of our proprietary solutions, including, among others, Smart Agent Assist, Claims Assist, Conversational Business Intelligence and Code Harbor.
- Xtrakto.AI is a patented and AI-powered solution designed to alleviate the challenges of managing unstructured data.

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- PayMentor is an AI-powered collections and receivables management solution designed to optimize the debt collection process.
- Digital Finance Suite automates and streamlines financial processes and key finance and accounting tasks, which helps customers gain real-time visibility into financial operations leading to faster decision making and reduced risks, among others.
- Data and AI-led Customer Experience: Delivers AI-infused customer experiences across multiple customer journeys and touchpoints.
- Digital Lending and Embedded Financing: AI-powered financing solution that reimagines and delivers a seamless and end-to-end origination, service and payments journeys for multiple credit and loan products across industries.
- Data and AI-led Automation Solution eliminates friction and fragmentation in transaction processing using some of our proprietary workflow solutions.

We use AI, data, and cloud technology, including our suite of solutions and accelerators, within a standardized, reusable and shared engineering and delivery infrastructure, which allows us to leverage our investments across multiple clients.

Our strategic business units, which provide digital operations and solutions, are described below:

Our **Insurance** strategic business unit serves property and casualty insurance, life insurance, disability insurance, insurance brokers, reinsurers, annuity and retirement services and insurtech companies. We provide end-to-end digital transformation solutions and data and AI-led operations services across the insurance industry encompassing claims processing, premium and benefit administration, agency management, account reconciliation, policy research, underwriting support, new business acquisition, policy servicing, premium audit, surveys, billing and collection, commercial and residential survey and customer service using digital technology, AI, including generative AI, machine learning (“ML”) and advanced automation. We provide end-to-end third-party administration for life and annuity insurance policies, which includes digital customer acquisition services using a SaaS delivery model through our LifePRO® and Life Digital Suite platforms that help clients administer life insurance, annuities and credit life and disability insurance policies. We also provide subrogation services to property and casualty insurers using a business process-as-a-service delivery model and our proprietary Subrosource® software platform, the largest commercial end-to-end subrogation platform. Subrosource® integrates with client systems, manages recovery workflow, increases recoveries and reduces costs. We provide a suite of data and AI-led finance and accounting services that include financial planning and analysis, decision support, GAAP and statutory reporting and compliance services in addition to core finance operations. We bring a data and AI-led and practical digital approach to finance and accounting, enabling our clients to simplify and scale their finance and accounting processes, drive stakeholder centricity, improve controls and compliance, reduce operating costs and deliver rich data and AI-led insights to our clients’ businesses.

Our **Healthcare** strategic business unit primarily serves U.S.-based healthcare payers, providers and pharmacy benefit managers organizations. We combine deep healthcare domain expertise with data and AI-led insights and technology-enabled services to transform how care is delivered, managed and paid. We provide services related to care management, utilization management, disease management, payment integrity, revenue optimization and customer engagement directly addressing the market need for improved healthcare outcomes, patient and provider experience and access to the healthcare system in the healthcare market and optimized healthcare spend.

We offer digital operations, SaaS and platform services designed to serve the healthcare industry. Our integrated care management offering, including our proprietary clinical data, connects payers, providers and members to increase efficiencies and effectiveness across all aspects of care management, including medical, pharmacy and behavioral health. Our data and AI-led digital operations and solutions infuse advanced analytics, AI, generative AI, cloud, ML and robotics capabilities to improve efficiency, business outcomes and the consumer experience in healthcare across patient/member management, contracting and network management, health and care management, claims administration and business operations.

Similar to our Insurance strategic business unit, we also provide finance and accounting services, digital transformation and advisory/consulting services to our clients in the healthcare industry.

Our **Emerging Business** strategic business unit provides AI and data led enterprise solutions in the areas of finance and accounting, customer experience management and revenue enhancement to clients primarily in the banking and capital markets, utilities, retail and consumer packaged goods, technology, media, and telecom, travel and leisure, manufacturing, transportation and logistics and business services industries. These enterprise solutions complement our domain-specific industry solutions enabling our clients to deliver superior performance.

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Our AI and data driven finance and accounting services include high-end analytical services, including financial planning and analysis, management reporting, advanced forecasting and decision support, data management, regulatory reporting and risk and compliance services in addition to core transactional finance operations. Our Digital Finance Suite, which is now an AI powered integrated cloud-based hyper-automation insights, and processing platform, helps chief financial officers transform finance into an AI and data-led, digitally enabled, scalable function that drives economic performance for the enterprise, delivers improved business outcomes with lower cost to serve, and better stakeholder experience.

Our client experience management solutions that run on a combination of client, partner and proprietary platforms, help our clients improve their end-customer experience across the front, middle and back-office, integrating data flows, redesigning customer service processes and delivering a digital omni-channel customer experience. To deliver these solutions, we combine our deep industry knowledge with advanced analytics and digital capabilities, including robotics, proprietary and partner-driven AI and ML solutions.

Our revenue enhancement solutions include lead generation, inside sales and digital marketing, pricing, customer and marketing analytics, billing and proprietary revenue assurance solutions, which helps deliver direct topline and margin impact to our clients' business.

We also provide industry-specific digital operations and solutions. For our clients in the banking and financial services sector, we provide a range of AI enabled digital solutions, including residential mortgage lending, title verification and validation, retail banking and credit cards, trust verification, commercial banking and investment management. In the retail and consumer packaged goods sector, we provide supply chain management services and AI-led advanced analytical services including merchandising, pricing and demand forecasting. For our clients in the utilities sector, we offer AI enabled digital operations and solutions related to end-to-end customer life cycle management including onboarding and terminations, engineering field services, customer service, billing and debt management and collections. In the technology, media, and telecom sector, we manage media and advertising reconciliations, order entry, fulfillment and licensing management operations. For our clients in the travel and leisure sector, we provide corporate and leisure travel services, including, AI enabled digital reservations, customer service and fulfillment services. In the transportation and logistics sector, we provide our clients with AI enabled digital freight billing, collections, claims management, freight audit, freight scheduling, supply chain management and revenue assurance services.

Analytics

Our **Analytics** strategic business unit helps clients build data-led businesses using AI, generative AI, advanced analytics solutions and services, and cloud technology. By leveraging our suite of end-to-end analytics capabilities, we aim to drive better business outcomes for our clients by unlocking deep insights from data and creating data and AI-led solutions across all aspects of our clients' businesses.

Our Analytics teams deliver predictive and prescriptive analytics in the areas of customer acquisition and life cycle management, risk underwriting and pricing, operational effectiveness, credit and operational risk monitoring and governance, regulatory reporting, and data management.

We enhance, modernize and enrich structured and unstructured data and use a spectrum of advanced analytical tools and techniques, including our in-house and third-party AI, generative AI, and ML capabilities and proprietary solutions, to create insights, improve decision making for our clients and address a range of complex industry-wide priorities, including:

- Superior customer experience, driving engagement, loyalty and increasing cross-sell through a deeper understanding of consumer behavior;
- Solutions for risk models, stress testing, Basel risk-weighted assets, reserves, and economic capital calculation;
- ML models for fraud monitoring, loss mitigation, and implementation and execution of fraud strategies;
- Enhanced decision-making in underwriting, claims processing and policy renewal through cognitive image analytics; and
- Payment integrity services in the U.S. healthcare industry ensuring accurate reimbursement and help prevent fraud, denials, and revenue leakage.

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Our Analytics team is comprised of approximately 9,900 professionals, including data scientists, data architects, business analysts, statisticians, modelers and industry domain specialists.

We help our clients leverage internal and external data sources, enhance their data assets, identify and visualize data patterns, and utilize data and AI-led insights to boost their effectiveness. Our Analytics services include:

- Identifying, cleansing, matching and using of internal and external structured, semi-structured and unstructured data;
- Integrating data insights and predictive models into real-time, decision-making processes to drive measurable business impact;
- Designing and implementing services that enable data visualization and management reporting enabling business users to segment, drill down, and filter data;
- Deploying analytics professionals and data scientists who utilize analytics tools, cutting edge statistical techniques and methodologies in ways designed to help customers better understand their data to generate actionable business insights; and
- Harnessing the power of AI, including generative AI to elevate decision-making paradigms, enabling our clients to achieve a sustainable competitive advantage amid rapid technological innovation.

Our Analytics engagements include both project work and longer-term arrangements where we provide ongoing analytics modeling and services for a year or longer. We utilize our deep industry knowledge to drive these engagements across our various competencies, including, data management and cloud enablement, AI, generative AI, ML, advanced analytics and insights, data-enabled marketing solutions and strategic data assets.

Our Analytics services support: (1) retail banking, commercial banking, wealth management and investment banking and management for the banking and financial services industries; (2) marketing analytics, clinical analytics, patient engagement, pharmaco-economics outcomes and cost optimization solution within the healthcare industry; (3) marketing and agency analytics, actuarial, servicing and operations, customer management and claims and money movement within the insurance industry; and (4) marketing analytics, supply chain, logistics and digital operations and solutions within the retail and consumer packaged goods, media and telecom and utilities and manufacturing industries.

As technology evolves and AI adoption increases, capturing and enriching data has become a key differentiator for clients and their speed of decision making necessitating the adoption of AI, including generative AI and ML techniques. The accelerated adoption of cloud-based solutions has increased our clients' needs for a suite of cloud migration and enablement capabilities.

We have built a scalable and customizable multi-cloud cross-sector generative AI platform with pre-built accelerators and packaged solutions. Our AI and analytics solutions include Bank Transaction Insights, which provides insights from bank data and Customer 360 Insights, which provides agent and customer relationship insights. Conversational business intelligence generates insights from data using natural language and other Generative AI-led assistants for various functions.

Our EXLClarity™ platform supports risk adjustment and quality management for payers and providers and helps to optimize their revenue. Our payment services support payment integrity and maximize performance and financial-related results by leveraging our multi-payer dataset and applying digital solutions, such as AI, natural language processing and robotics. These services involve verifying the correct party pays the claim, membership eligibility, contractual adherence, and detecting and preventing fraud, waste, and abuse. Our EXLVantage™ platform offers population health analytics for enhanced care and network optimization. These analytics models integrate with campaign management and marketing analytics to support member acquisition and clinical program interventions.

We offer end-to-end data management services to support data strategy, ingestion, normalization, quality, security, governance, visualization and data architecture development and deployment via agnostic tools and flexible delivery models. We continue to strengthen our expertise in data and product engineering, ML operations, cloud enablement and managed services. We have expanded our footprint within our existing clients in the insurance, healthcare, banking and financial services, retail and consumer packaged goods, media and telecom, utilities and manufacturing industries by cross-selling our enhanced data management and cloud enablement offerings.

2025 Operating Model

In the first quarter of 2025, we began to implement operational and structural changes to accelerate the execution of our data and AI strategy, capture a greater share of the growing AI market and drive our long-term growth. The new operating model is comprised of Industry Market Units (“IMUs”) to focus on delivering higher value to clients leveraging our full suite of capabilities; and Strategic Growth Units to focus on rapidly advancing our capabilities specific to various industries and client needs. This will enable us to further embed analytics throughout each of our IMUs, enhance our client relationships, deepen investments in data and AI capabilities, develop industry-specific AI solutions, form partnerships, access new client buying centers, enable expansion of our addressable markets across industries and geographies, and provide more professional development opportunities for our employees.

Our IMUs, Insurance, Healthcare and Life Sciences, Banking, Capital Markets and Diversified Industries, and International Growth Markets, reflect how management will review financial information and make operating decisions beginning in the first quarter of 2025. These IMUs will focus on managing customer relationships and delivering the “One EXL” value proposition to clients, maintain a unified go-to-market approach and be integrally responsible for growth, profitability and client satisfaction.

Our new reportable segments, aligned to our IMUs, effective from the first quarter of 2025 will be as follows:

- Insurance,
- Healthcare and Life Sciences,
- Banking, Capital Markets and Diversified Industries,
- International Growth Markets

The primary changes in our new reportable segments reflect 1) the integration of our former Analytics reportable segment as a core capability within each of our IMUs, ensuring alignment with the specialized needs of our clients across IMUs, 2) the reorganization of our former Emerging Business reportable segment into a Banking, Capital Markets and Diversified Industries reportable segment, excluding Life Sciences, which is now a part of former Healthcare reportable segment, and including data and analytics services, and 3) the formation of International Growth Markets as a separate business unit to represent all our service and solutions offerings to clients in the United Kingdom, Europe, Middle East and Asia-Pacific geographies across all industry verticals. The International Growth Markets business unit will help strategically expand our footprint in markets outside of Americas and drive focus on offerings and expansion in those markets in new and existing clients.

The reporting segment changes align with how our Chief Executive Officer (our chief operating decision maker) will review financial information in order to assess performance and allocate resources between segments. This change in segment presentation will not have any effect on our consolidated statements of income, balance sheets or statements of cash flows. The revised presentation will be reflected in our periodic and annual reports beginning in the first quarter of 2025.

Business Strategy

EXL is a global data and AI company and is a strategic services and solutions partner for data and AI-led businesses. We reinvent business models, drive better business outcomes and unlock growth with speed for our clients through advanced analytics and AI -powered digital solutions on the cloud. We do this through our data and AI-led value creation framework to enable better and faster decision making, leveraging our end-to-end data and analytics capabilities to drive improved business outcomes, and we re-design operating models to integrate advanced technology into operational workflows. Below are some of our strategic focus areas.

Expanding our Services in Large Addressable Markets

We continue to focus on the insurance, healthcare, banking and capital markets, retail, communications and media, and energy and infrastructure industries, among others, which are large markets with high demand, as well as pursuing opportunities in emerging industries. We also continue to build our client portfolio and increase client penetration across all of our services offerings. We are strategically equipped to help clients apply relevant digital technologies to enterprise processes and business priorities at every step of the digital transformation journey, by bringing together domain expertise with data, advanced analytics, cloud, AI and ML. Demand for our services is expected to continue to exhibit growth in the next several years.

Integrating our Data and AI-Led and Domain Capabilities

The combination of our data and AI-led capabilities and domain expertise has been central to our market differentiation. We are also well-positioned with our suite of advanced analytics, data and AI-powered digital solutions on the cloud to create integrated services and solutions under one brand.

Cultivating Long-term Relationships and Expanding our Client Base

We continue to maintain our focus on cultivating long-term client relationships as well as attracting new clients. We believe there are significant opportunities for additional growth within our existing clients, and we seek to expand these relationships by:

- Increasing the depth and breadth of the services we provide across our clients' value chains and geographies;
- Offering the full suite of EXL services, which includes AI-powered digital operations and solutions, consulting and data analytics services; and
- Supporting our clients' geographic expansions by leveraging our global footprint.

We intend to continue building a portfolio of Fortune 500 and Forbes Global 2000 companies in our focus industries that have complex and diverse data and AI-led processes and, accordingly, stand to benefit significantly from our services. We also intend to cultivate long-term relationships with medium-sized companies in our focus industries by leveraging our data analytics, and digital operations and solutions offerings.

Optimizing our Global Delivery Footprint and Operational Infrastructure in the Countries and Regions where we Operate

Our network of delivery centers and operational footprint is designed to serve the needs of our business, including delivering for our clients, driving efficiencies and adapting to hybrid working model. We continually optimize our network based on facility usage and business requirements.

Pursuing Strategic Acquisitions and Partnerships

We intend to continue making selective acquisitions within our target industry verticals that enhance our competitive differentiation and meet our strategic and financial criteria. We consider selective strategic partnerships with industry leaders that can establish new long-term client relationships, enhance the depth and breadth of our services and solutions and complement our business strategy. We expect that the digital assets, intellectual property and client access this ecosystem provides will enhance our go-to-market opportunities, expand the scope and effectiveness of our services and solutions, help us to win new clients, and allow us to enter new industry verticals and geographic markets.

Our Industry

Digital operations and solutions

As a provider of digital operations and solutions, we work with clients to execute enterprise-scale business transformation initiatives that enable improved customer experience, revenue growth, operational efficiency and reduced risk. Our asset-based operations services combine the industry-specific knowledge of our global workforce with an ecosystem of partner and proprietary digital solutions. These digital solutions help clients achieve their desired outcomes in three key ways: 1) leveraging advanced analytics that combine publicly available data, proprietary data sets and clients' own data to help power faster, more strategic decision making, 2) integrating AI/ML-driven natural language processing to help streamline manual, labor-intensive workflows and improve end-customer engagement and experience, and 3) implementing AI/ML-powered operating models that help our clients transition from legacy business operations and get to value faster.

This comprehensive approach acknowledges the critical role that digital capabilities play in both the operational business process and consumer-facing customer engagement and user experience, as our clients' customer touch points, interactions and experiences have increasingly shifted to digital channels.

Digital transformation is a long-term strategic commitment for a company that, once begun, is generally not subject to cyclical spending or information technology budget fluctuations. Increased global demand, cost improvements in international communications and the automation of many business services have created opportunities for digital operations

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providers with offshore delivery capabilities, and many companies are moving select office processes to providers with the capacity to perform these functions from overseas locations.

Data Analytics

As a provider of advanced analytics, AI and data services, we help companies access and deliver real-time data and insights at multiple points in their overall workflows so that all parts of the organization are working from the same data pool. Leveraging a large number of high-frequency, granular, non-traditional data elements aggregated across proprietary data sets, client data and publicly available sources, advanced analytics enables clients to deliver personalized customer experiences at scale, settle consumer issues efficiently and rapidly adapt their business strategies in response to market changes.

The enhanced generation of business data across multiple formats, substantial reduction in data storage costs, growing enterprise demand for data and AI-led decision making and availability of sophisticated analytics tools, have enabled companies to make better decisions. By leveraging our end-to-end offerings, we develop industry-specific AI and advanced analytics solutions and generate data insights, which makes us well-positioned to benefit from this global trend.

Sales, Marketing and Client Management

We market and sell our services to existing and prospective clients through our sales and client management teams, partner relationships, industry forums, and marketing programs.

Our sales and client management teams are aligned by industry verticals, and have expertise in data and AI, analytics services, and digital operations and solutions. As of December 31, 2024, we employed approximately 320 sales, marketing, business development, and client management professionals based in various geographies, including the United States, the United Kingdom, Ireland, Australia and India.

Our sales, marketing and business development teams are responsible for new client acquisition, nurturing and growing current client relationships, public relations, analyst relations, lead generation, content development, campaign management, digital and/or web presence, brand awareness and participation in industry forums and conferences.

Clients

We generated revenues from approximately 570 clients and 560 clients in 2024 and 2023, respectively (with annual revenue exceeding \$50,000 per client). We won 69 and 63 new clients during 2024 and 2023, respectively.

Our top three, five and ten clients generated 17.2%, 23.0% and 33.2% of our revenues, respectively, in 2024. Our top three, five and ten clients generated 16.4%, 22.9% and 34.0% of our revenues, respectively, in 2023. No client accounted for more than 10% of our total revenues in 2024 or 2023. Our revenue concentration with our top clients remains consistent year-over-year and we continue to develop relationships with new clients to diversify our client base. We believe that the loss of any of our ten largest clients could have a material adverse effect on our financial performance. For details refer Part I, Item 1A, “Risk Factors” under “Risks Related to Our Business—We earn a substantial portion of our revenues from a limited number of clients that are mainly located in the United States.”

Our long-term relationships with our clients typically evolve from providing a single, discrete service or process into providing a series of complex, integrated processes across multiple business lines. For digital operations and solutions other than consulting, we generally enter into long-term agreements with our clients with typical initial terms of three to five years. Consulting engagements have typical terms of six to twelve months. Agreements for our analytics services are either project based or have shorter initial terms, which are typically between one to three years. However, each agreement is individually negotiated with the client.

Competition

Competition in the data analytics and digital operations and solutions industry is intense and growing. For further details, refer to Part I, Item 1A, “Risk Factors” under “Risks Related to Our Business—We face competition globally from other providers and from our clients, who may build global capability centers to perform digital operations and solutions and analytics services themselves, either in-house or other arrangements.” Many companies, including some of our clients, opt to perform some or all of their front-, middle- and back-office analytics and processes internally, utilizing their own employees and digital applications to provide these services as part of their regular business operations. We believe our key advantage over in-house business processes and analytics management lies in our ability to orchestrate relevant domain, data, digital,

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advanced analytics and human design expertise to enable delivery of sustainable outcomes allowing companies to focus on their customers, core products and markets. We compete primarily against:

- large global companies with digital operations and solutions and operations capabilities, such as Accenture, Cognizant Technology Solutions, Genpact Limited, IBM, Infosys, NTT DATA, Tata Consultancy Services, and WNS (Holdings);
- niche industry-specific digital operations and solutions providers such as Cotiviti and Optum Health;
- niche analytics services and digital platform providers; and
- leading accounting and management consulting firms.

We compete against these entities by working to differentiate ourselves as a strategic partner for businesses with deep industry expertise, sophisticated data and analytics capabilities, innovative digital operations and solutions and technology strong client relationships, leading industry talent, superior process capabilities and differentiated technology, which enable us to respond rapidly to market trends and the evolving needs of our clients.

Intellectual Property

Our intellectual property consists of proprietary platforms, software, data, databases, models, methodologies, know-how, names, designs, domains, user interfaces, applications and operating procedures among other materials. We have obtained or are in the process of obtaining patents on a number of our proprietary solutions. We consider many of our business processes and implementation methodologies to be trade secrets or proprietary know-how and confidential information. We seek to protect our intellectual property through a combination of patent, trademark, copyright and trade secret laws, as well as through confidentiality procedures and contractual provisions. Clients and business partners typically agree in writing to confidential treatment of our intellectual property. Our employees and independent contractors are required to sign work-for-hire agreements containing confidentiality covenants as a condition to their employment and engagement, respectively. We also have policies requiring our employees, independent contractors, and associates to respect the intellectual property rights of others, including obtaining appropriate licenses when using, selling or distributing third-party materials.

The solutions we offer our clients often include our software, data and other intellectual property assets developed by our data scientists and engineers, combined with software and data licensed by us or by clients from third parties. We also leverage strategic partnerships with third parties to facilitate our solution offerings to clients, including, among others, robotics and process automation software providers, platform providers, and AI solutions providers. We typically retain ownership of any pre-existing proprietary intellectual property assets, including modifications or enhancements to such pre-existing proprietary assets developed while providing client services, and also seek to retain the right to use anonymized data derived from client engagements. Independently or while working on client engagements, we also often develop new tools, methodologies and models, including AI and ML models that can be leveraged for various use cases. We endeavor to negotiate contracts that give us ownership or broad licenses to use, develop, demonstrate and offer such newly developed intellectual property assets to or for other clients.

We operate in a highly competitive and rapidly evolving global market. We seek to continue providing value to our clients with our deep industry knowledge, ability to advise clients on how to transform their processes and deliver transformation that drives business value, and ability to provide innovative services and solutions, including digital offerings that incorporate AI and ML capabilities. We also rely on our reputation, client references, ability to sustain long-term client relationships, as well as our global reach and scale, and competitive pricing to maintain our competitiveness in our industry. While our proprietary intellectual property assets are important to our business, we believe EXL as a whole is not materially dependent on any particular intellectual property, other than our EXL brand. Our intellectual property portfolio is comprised of patents, trademarks, copyrights, and domain names to protect our brands, including our EXL brand, which is one of our most valuable assets.

Human Capital Management

At EXL, our identity is deeply rooted in five core values: innovation, collaboration, excellence, integrity, and respect. Guided by these principles, we acknowledge the essential role our workforce plays in our success. We are committed to fostering the growth and development of our employees, recognizing that their advancement is vital to our continued performance and long-term success.

Our global workforce spans six continents, operating from more than 50 offices worldwide. As of December 31, 2024, we have a team of over 59,500 employees, including approximately 39,100 in India, 12,000 in the Philippines, 4,200 in South Africa, 2,800 in the United States, and 1,500 across other countries.

As a data and AI-driven digital organization, our talent strategy is focused on building a team with deep expertise in these fields. We strive to enhance our capabilities and ensure alignment with the evolving demands of digital technologies, methodologies, and advancements through talent development centered around democratized self-learning. Our learning management system, reNew, provides learning opportunities for our employees to develop their capabilities across AI/GenAI, data and readiness, cloud platforms, domain, and leadership skills and enables us to expand the qualified digital talent we need.

Building on the momentum of 2023, which saw our strategic expansion into Ireland and our partnership with University College Dublin, 2024 was a year dedicated to advancing our recruitment strategy through automation and innovation.

We aim to maintain a work environment that harnesses the power of diversity of thought and experience to drive business performance. We recognize that the world we live and work in is diverse and fueled by innovation. To thrive in this environment, we foster a culture that values varied experiences and perspectives. All employees have access to our employee resource groups that are organized around certain shared experiences and interests, and serve as a platform for networking, support and creating a sense of belonging. In addition, our employees receive training on topics such as compliance with our code of conduct and ethics.

Our operations have consistently remained unaffected by industry or labor disruptions, underscoring our favorable employee relations.

Recruiting, Developing and Engaging our Employees

We have developed a comprehensive and integrated talent management framework that fosters collaboration among our recruitment, capability development, and business human resources teams. Our approach prioritizes attracting top talent and enhancing their expertise, including in the areas of AI technologies, through targeted learning academies, stringent promotion criteria, and specialized client and industry-focused training programs. We offer competitive, performance-driven compensation packages, including incentive-based rewards.

Our talent strategy aims to facilitate EXL's current needs and support the long-term business objective of transforming data into a competitive edge for our clients. To achieve these objectives, we identify critical skills and roles that are our core business requirements and then build a talent pipeline through market mapping exercises followed by initiatives to attract and retain talent.

We optimize shared resources across our services by leveraging personnel with versatile skill sets applicable to a broad range of data, digital, cloud, and AI/ML services. Additionally, we have dedicated domain experts in key industries and subject matters, supported by our specialized training academies.

We have implemented a framework of practices, processes, and programs designed to make learning accessible, collaborative, and integrated into daily workflows. Through virtual training and upskilling opportunities, our employees engage in continuous development. Our dedicated employee relations function helps to foster a supportive and responsive work environment that seeks to understand and address employees' needs, concerns, and aspirations and provide timely and tailored responses. Our approach is centered on attracting, developing, and retaining top-tier professionals, for a skilled and engaged workforce that drives organizational excellence.

The talent acquisition strategy is underpinned by a comprehensive "Build, Acquire, and Partner" framework. Since 2020, our transition to an online model for recruitment and training has provided enhanced flexibility and an improved experience for both candidates and recruitment teams. The process has continuously evolved, incorporating AI-based smart screening and real-time proctored online assessments, and in 2024, we introduced a recruitment solution across seven of our geographies, which automates key recruitment processes, streamlines workflows for hiring managers and recruiters, and establishes a standardized approach to talent acquisition. The recruitment process involves comprehensive assessments, including multiple rounds of video interviews, before extending offers, as well as a background check process is conducted in alignment with client mandates.

Our hybrid working model offers employees enhanced flexibility. Leveraging digital-first and multi-channel communication strategies, we continuously refine our approaches to keep our global workforce informed and engaged.

Employee Benefits and Experience

We offer a competitive compensation and benefits program that we refer to as our “Total Rewards” program, which is designed to attract, motivate, and retain top talent and support the diverse needs of our workforce. This includes competitive cash compensation, equity opportunities, and a comprehensive range of benefits tailored to the markets where we operate.

Key components of our Total Rewards program include:

- **Compensation:** Competitive base salaries, performance-driven bonuses, and equity incentives that recognize employee contributions and align them with our overall success.
- **Health and Wellness:** A suite of programs designed to support physical, mental, and emotional well-being of our employees, including enhanced health insurance options, and wellness resources tailored to specific geographies.
- **Work-Life Balance:** Subsidized meals, free or subsidized transport to and from work, and recreational facilities available at select locations to foster a positive work environment.
- **Career Growth and Recognition:** Rewards and benefits that evolve as employees progress in their careers, reflecting their growing contributions and skills.

Capability Development

We continue to promote opportunities for large-scale upskilling and reskilling of our employees, while also fostering a learning environment conducive to individual skill-building and career advancement. In 2022, we implemented a fundamental shift in our capability development approach, transitioning from a corporate-driven model to an ecosystem of democratized self-learning, where our employees have access to our digital learning ecosystem. This enables our employees self-driven learning and growth experiences based on their personal goals and skills by using AI to anticipate and build market-relevant skills and capabilities, curated libraries and intelligent web-sourced content. Our employees are supplied with specialized learning pathways to build digital capabilities, skill mapping to direct them to courses as needed, chat groups where they can collaborate and discuss the latest trends, practice questions, practice labs for real-world and hands-on experience, supervisor dashboards and leaderboards, and learning on the go.

Our talent development strategy is comprehensive and aligned to EXL’s overall business strategy. We aim for our employees to develop expertise around the specific technologies, tools and frameworks required to successfully execute projects for our clients, as well as a mindset focused on agility, speed, creativity, innovation and collaboration. We create thought leaders with high industry acumen who are better able to address our clients’ business priorities. We also provide a career-linked learning path to our employees from new hires to tenured employees to senior levels of leadership.

Our domain academies focus on building domain expertise through certifications and specialization. These include our Insurance Academy, Travel Academy, Finance and Accounting Academy, Healthcare Academy, Analytics Academy, Utilities Academy, Consulting Academy, Sales Academy and Digital Academy. These academies focus on achieving excellence and developing skill sets that can be used across the different domains. Our training includes behavioral and functional components to enhance and ensure job readiness as well as also boosting ongoing productivity and effectiveness. We have a global presence catering to the specific learning requirements of each geography. We provide learning through our blended learning methodology comprising of virtual, classroom, on the job coaching and technology-led learning.

In addition to our existing academies, we also introduced specialized academies such as the GenAI Academy, and CX Academy to further deepen our employees' understanding and capabilities in these critical areas. Our Operations Excellence trainings engagement emphasize best practices and process improvement techniques to enhance operational efficiency. We also invested in innovation capability development to reflect the rapidly evolving technology landscape.

Our Integrated Leadership Development Framework brings together industry expertise, knowledge of EXL’s products and solutions, technical acumen, and partner ecosystems to equip leaders with the necessary skills.

Employee Retention

Our attrition rate for employees who had been with EXL for more than 180 days was 26.1% and 25.8% for the years ended December 31, 2024 and 2023, respectively. As competition in our industry increases, our turnover rate could increase. See Part I, Item 1A, “Risk Factors” under “Risks Related to Our Business—We may fail to attract and retain enough sufficiently trained employees to support our operations or professionals with sufficient leadership capabilities” and “Employee wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin.”

Sustainability Strategy

The world we work and live in is powered by innovation. We believe success in such a world will come through supporting the communities in which we operate, and ensuring that we conduct our operations in a sustainable and safe manner that is aligned with, and contributes toward, our business objectives. These initiatives reflect our core values and will make us a stronger, more impactful organization to work for that can deliver exceptional results for our clients, employees, communities and stockholders.

Our most recent Sustainability Report is available on our website. The information contained on our website (including the Sustainability Report) is not included in, or incorporated by reference into, this Annual Report on Form 10-K.

Community Activities

Our community engagement strategy focuses on four key pillars: education, digital skills development, employee engagement, and community impact. Our employees leverage their expertise to help build market-relevant technical and life skills programs that we deploy in communities we operate. We seek out community-based, regional, and global partners and emphasize employee volunteering. We actively engage with our stakeholders to ensure that our community engagement activities are responsive to the needs of our communities and to foster long term relationships.

In addition to our focus on education and skills development, we also work to advance positive environmental and health outcomes for our communities. Through partnerships with local non-governmental organizations in India, the United States, the Philippines, and South Africa, we have contributed to tree planting, beach and sea-bed cleaning exercises and supported organizations focused on community members' mental and emotional well-being, among others.

Environmental, Health and Safety

Our environmental, health and safety ("EHS") program is focused on reducing our carbon footprint, conserving energy, minimizing waste, and achieving workplace safety objectives in order to drive business performance. Our delivery centers are ISO 45001:2018 and ISO 14001:2015 certified, meeting international standards for health and safety and effective environmental management systems, respectively. We have also established Company-wide and worksite-specific workplace safety objectives that are integrated into our EHS Management System. Where aligned with our strategic objectives, we seek to integrate EHS with our business activities and to maintain a responsible supply chain by stating our expectations for our vendors in our Supplier Standards of Conduct.

Regulation

Our operations are subject to rules, regulations and statutes in the jurisdictions in which we have operations and where we deliver services as a result of the diverse and complex nature of our offerings. Consequently, we comply with certain rules and regulations applicable to us in delivering our services.

We provide third-party administrator insurance services from India and the Philippines in a majority of states in the United States. Further we are licensed or otherwise eligible to provide third-party administrator services in all states within the United States, as well as utilization review, claims adjuster and insurance producer services in select states. We require certain categories of our professionals to be individually licensed, as applicable. Our utilization management and case management services that we provide from the Philippines, are accredited by the Utilization Review Accreditation Commission (URAC) and National Committee for Quality Assurance (NCQA), both independent U.S. organizations that work to improve health care quality through the administration of evidence-based standards, measures, programs, and accreditation. We continue to obtain licenses and accreditations required from time to time by our business operations. Our healthcare platform and infrastructure have also been assessed and certified by HITRUST®, an information protection standards organization and certifying body.

Our operations are also subject to compliance with a variety of other laws, including tax laws in the jurisdictions where we conduct our business. See Part I, Item 1A, "Risk Factors" under "Risks Related to the International Nature of Our Business—Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, including, accreditation or licensing standards that govern our business, and violations of these requirements could harm our business."

We benefit from certain corporate tax holidays for our operations located in qualified Philippines Economic Zone Authority units. We are managing our business in accordance with the applicable guidelines issued by the Philippines Fiscal Incentives Review Board to continue availing the tax holidays.

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In 2023, we established an international business headquarters in Dublin, Ireland, and qualify for a reduced tax rate. We monitor our operations to ensure we continue to qualify for the reduced rate.

In the Philippines and Ireland, we are subject to a minimum tax rate under the Pillar Two Framework prescribed by Organization for Economic Co-operation and Development (“OECD”). The OECD continues to release additional guidance on the Pillar Two Framework and we will continue to evaluate any potential impact on our operations.

See Part I, Item 1A, “Risk Factors” under “Risks Related to the International Nature of Our Business—Our financial condition could be negatively affected if governments in the countries we operate in introduce new unfavorable tax legislation, including legal restrictions for repatriation of our earnings.”

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically through the EDGAR System. You may access the information filed by us with the SEC by visiting its website.

We also maintain a website at <http://ir.exlservice.com>. Information on our website does not constitute a part of, nor is it incorporated in any way, into this Annual Report on Form 10-K or any other report we file with or furnish to the SEC. We make available, free of charge, on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, proxy statements, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Our website also includes announcements of investor conferences and events, information on our business strategies and results, sustainability efforts, corporate governance information, and other news and announcements that investors might find useful or interesting.

In this Annual Report on Form 10-K, we use the terms “EXL,” “we,” “us,” “our” or the “Company” to refer to ExlService Holdings, Inc. and its subsidiaries.

ITEM 1A. Risk Factors

Risks Related to Our Business

Our business depends on maintaining and growing client demand for our services and solutions, including by anticipating and incorporating the latest technology into our offerings, and a significant reduction in such demand, a failure to respond to the evolving technological environment or a change in our service or solution delivery could materially affect our results of operations.

Our success depends in part on the demand for our services and solutions, which could be negatively affected by a number of factors that may be outside of our control, including, for example, economic and political volatility or changed market conditions. Our ability to maintain and grow demand for our services and solutions requires that we continue to develop and implement offerings that keep pace with changes in the industry and anticipate and respond to rapidly evolving technology and our clients' evolving needs in areas such as AI, including generative AI, digital transformation and solutions, advanced analytics, cloud based solutions, data management, robotics and process automation, and data engineering, among others. We may not be successful in addressing these changes on a timely basis, or at all, or successfully marketing any changes that we implement. In addition, products or technologies developed by others may render our services uncompetitive or obsolete. If we do not sufficiently invest in new technologies, adapt to industry developments, evolve and expand our business at sufficient speed and scale and successfully drive innovation, our ability to develop and maintain a competitive advantage, our growth strategy and our results of operations could be adversely affected. If we are successful in responding to these developments, as we expand our services and solutions into these new areas, we may be exposed to operational, legal, regulatory, ethical, technological and other risks specific to such new areas, which may negatively affect our reputation and demand for our services and solutions.

Technological developments may materially affect the cost and use of technology by our clients and, in the case of cloud and as-a-service solutions, could affect the nature of how we generate revenue. Some of these technological developments have reduced and replaced some of our historical services and solutions and may continue to do so in the future, particularly with respect to the use of AI technology. This has caused, and may in the future cause, clients to delay or stop using some of our existing services as they evaluate and pivot to newer technologies, including our own data and AI-led solutions. Such technological developments and spending delays can negatively impact our results of operations, if we are unable to introduce new pricing or commercial models that reflect the value of these technological developments or if the pace and level of spending on new technologies, and integration of the new technologies into our services, are not sufficient to make up for any shortfall, or if our existing services are otherwise displaced by such technologies. Developments in the industries we serve, which may be rapid, also could shift demand to new services and solutions. If, as a result of new technologies or developments in the industries we serve, our clients demand new services and solutions, we may be less competitive in these new areas or need to make significant investment to meet that demand. Our growth strategy focuses on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas.

The use of AI technology presents competitive, reputational and legal risks, and our use of AI technology may not be successful.

AI technologies are complex and are rapidly evolving, and we face significant competition, including from our own clients, who may potentially develop their own internal AI technology, or acquire such technology from third parties, which in each case, can lead to reduced demand for our services and solutions. As these technologies evolve, some services and tasks currently performed by our employees may be replaced by automation and AI technologies.

Our growing use of AI, including generative AI and ML, in our offerings presents additional risks. The development, adoption, and use of AI technologies are still in their early stages. Inappropriate or controversial data practices by us or others or flawed AI algorithms could undermine the decisions, predictions or analysis AI applications produce, or lead to unintentional bias and discrimination, subjecting us to competitive, brand or reputational harm and legal liability.

In addition, the domestic and international legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain including in the areas of intellectual property, cybersecurity, and privacy and data protection. Compliance with new or changing laws, regulations, industry standards or ethical requirements and expectations relating to AI may impose significant operational costs. Our use of, and/or reliance on, AI could give rise to legal or regulatory action or increased scrutiny or liability and may damage our reputation or otherwise materially harm our business.

Client demand may be impacted by the selling cycle and terms of our client contracts.

Client demand may be impacted by the selling cycle and terms of our client contracts. Consistent with industry practice, most of our client contracts may be terminated by our clients without cause and do not commit our clients to provide us with a specific volume of business. Any failure to meet a client's expectations or a change in a client's strategic direction could result in the cancellation or non-renewal of a contract or a decrease in the scope of services and solutions that we are able to provide to such client. Companies in the industries we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. We may lose work from such clients or lose the opportunity to gain additional work due to our clients' mergers or consolidations.

We may not be able to cover our costs or replace the associated revenues from such lost services or solutions, which could impact our results of operations in subsequent periods.

The terms of our project-based engagements generally do not exceed one year and may not produce ongoing or recurring business for us once the project is completed, and these contracts typically permit a client to terminate the agreement with shorter term notice. The majority of our digital operations and solutions contracts have longer terms, typically ranging from three to five years, and generally require a longer notice period for termination and may include an early termination fee to be paid to us, but this might not be sufficient to cover our costs or make up for the loss of revenues and profit upon termination of the contract. In addition, the selling cycle for such contracts, which generally ranges from six to eighteen months, and the implementation and initial transformation processes, which could take up to an additional six to twelve months, are subject to many risks and delays over which we have little or no control, including our clients' decisions to choose alternatives to our services and solutions (such as other providers or in-house offshore resources) and the timing of our clients' budget cycles and approval processes, or subsequent changes in technology and offerings, could result in changed demand. Our clients and future clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential clients to which we have devoted significant time and resources.

We may fail to attract and retain enough sufficiently trained employees to support our operations or professionals with sufficient leadership capabilities.

Our success depends heavily on attracting, hiring, and retaining employees skilled in emerging areas, particularly artificial intelligence (AI), machine learning, data science, and digital transformation. These fields are not only highly competitive but also rapidly evolving, making the recruitment and retention of top talent especially challenging. The shortage of AI and data experts in the global market further exacerbates this issue, impacting our ability to deliver on client commitments and innovate effectively. High turnover among skilled professionals in AI and data science could lead to disruptions in project continuity, increased recruitment costs, and strain our human resources. Additionally, retaining employees with leadership capabilities who can guide strategic AI and data initiatives is critical for achieving long-term organizational goals. Failing to secure such talent would create risks of revenue losses, reduced market competitiveness, and missed opportunities in key geographies.

If we are unable to invest in reskilling and upskilling our employees in the areas and skills that strategically important to our business, our ability to effectively lead our current projects and develop new business could be jeopardized, and our business, results of operations and financial condition could be adversely affected.

Our future success also depends substantially on the continued services and performance of the members of our management team and other key employees in leadership positions that possess technical and business capabilities, including industry expertise, and are difficult to replace. Specifically, the loss of the services of our Chairman and Chief Executive Officer could seriously impair our ability to continue to manage and expand our business. Although we have entered into employment and non-competition agreements with all of our executive officers, certain terms of those agreements may not be enforceable, particularly in light of recent regulatory scrutiny from the U.S. Federal Trade Commission and others, and in any event these agreements do not ensure the continued service of these executive officers. We currently do not maintain "key person" insurance covering any member of our management team. The loss of any of our key management personnel, particularly to competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If we are unable to accurately estimate the resources and time for a project, adjust our pricing terms or effectively manage our asset utilization levels to meet the changing demands of our clients and potential clients, our business, results of operations, financial condition and cash flows may be adversely affected.

Our profitability is, in part, a result of the efficiency with which we utilize our assets, in particular our people and our operations centers, and the price we can charge for our services. Our asset utilization levels are affected by a number of factors,

including our ability to transition employees from completed projects to new assignments, attract, train and retain employees, forecast demand for our services (including potential client terminations or reductions in required resources) and maintain an appropriate headcount in each of our locations, as well as our need to dedicate resources for employee training and development, other typically non-chargeable activities and optimizing our operational infrastructure. If we fail to estimate accurately the resources and time required for a contract, or manage our asset utilization levels, future attrition rates, potential productivity benefits over time, future wage inflation rates or currency exchange rates (or fail to accurately hedge our currency exchange rate exposure) or if we fail to complete our contractual obligations within the contracted timeframe, our revenues, cash flows and profitability may be negatively affected.

In many of our digital operations and solutions contracts we commit to long-term and other pricing structures (such as full-time equivalent-based pricing, fixed-price arrangements, transaction-based and outcome-based pricing) with our clients and therefore may bear the risk of cost overruns, completion delays, resource requirements, wage inflation and adverse movements in exchange rates in connection with these contracts. Industry pricing models are evolving, and clients increasingly request alternative pricing models, rather than annual or hourly billing rates. If we make inaccurate assumptions for contracts with such alternative pricing models including pricing for our digital capabilities and complex transformation services or are unable to offer competitive pricing, our profitability may be negatively affected.

Unauthorized disclosure of sensitive or confidential client and employee data, whether through breach of our computer systems or otherwise, could cause us significant reputational damage, expose us to protracted and costly litigation, and cause us to lose clients.

We are typically required to process, and sometimes collect and/or store sensitive data, including data regulated by the U.S. Health Insurance Portability and Accountability Act of 1996, as amended (HIPAA), of our clients' customers in connection with our services, including names, addresses, social security numbers, personal health information, credit card account numbers, checking and savings account numbers and payment history records, such as account closures and returned checks. In addition, we collect and store data regarding our employees. In the United States, several states have enacted or are considering enacting privacy regulations, including, the California Consumer Privacy Act. In addition, there are privacy regulations in other jurisdictions, such as the General Data Protection Regulation in the European Union, the International Data Transfer Agreement in the United Kingdom and the Digital Personal Data Protection Act, 2023 in India. These privacy regulations impose privacy and data security compliance obligations and significant penalties for noncompliance. Other countries have enacted or are considering enacting data localization laws that require certain data to stay within their borders. We may also face audits or investigations by one or more domestic or foreign government agencies or our clients pursuant to our contractual obligations relating to our compliance with these regulations. Complying with changing regulatory requirements requires us to incur substantial costs, exposes us to potential regulatory action or litigation, and may require changes to our business practices in certain jurisdictions. As a result, we are subject to various data protection and privacy laws in the countries where we operate, and the failure to comply with such laws could result in significant fines and penalties. In addition, we may not be able to limit our liability to our clients with respect to breaches of our obligation to keep the information we receive from them confidential.

Although we devote substantial resources to protect our information assets and our clients' confidential information, any network infrastructure is to some extent vulnerable due to rapidly evolving cyberattacks, employee error, malfeasance, or a combination of the foregoing. The remote work solutions that we employ in our hybrid working model may also be limited in their ability to replicate the operational oversight and security controls of our office environments and may pose a higher risk of operational and information security failures. Outside parties may attempt to fraudulently induce employees, clients to disclose sensitive information in order to gain access to our data or our clients' data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs (or a breach of a client's security that can be attributed to our fault or is perceived to be our fault), the market perception of the effectiveness of our security measures could be harmed and we could lose clients.

Security breaches expose us to a risk of loss of sensitive information, lawsuits from our employees, clients or their customers for breaching contractual confidentiality provisions or privacy laws, or investigations and penalties from regulators or criminal prosecution, remediation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability.

Further, growth in state-sponsored cyber activity, and the risk that these cyberattacks could spread globally, showcases the increasing sophistication of cyber threats and could dramatically expand the global threat landscape. If a material security breach or incident occurs with respect to a cloud services provider, our clients and potential clients may lose trust in cloud solutions generally, and with respect to security in particular. This could adversely impact our ability to retain existing clients or attract new clients, which, in turn, could have a serious impact on our reputation. Although we have not experienced a material incident to date, there can be no assurance that these measures will prevent or limit the impact of a future incident. We may

incur significant costs in protecting against or remediating cyberattacks/other cyber incidents, settling data breach claims or paying associated penalties.

We rely on third party vendors and partners to deliver services and components for client critical services, and require data use rights from third parties and our clients for many of our services and solutions, which exposes us to a variety of risks that could have a material adverse effect on our business.

The services we provide are often critical to our clients' businesses, and any failure to provide those services could result in a reduction in revenues or a claim for substantial damages against us, regardless of whether we are responsible for that failure.

We depend on certain significant vendors and partners for software, technology and data communications, related equipment and its maintenance, and third party components that we use to deliver our services, including cloud services. Our offshore operations centers require us to maintain active voice and data communications among our operations centers, our technology and data hubs and our clients' offices. Although we maintain our facilities and communications links with business continuity and disaster recovery plans, disruptions could result from, among other things, technical breakdowns, computer glitches and viruses and weather conditions. Any performance failure on the part of our vendors or partners, or the discontinuance by such vendors or partners of services that we rely on them to perform, could delay our performance, or require us to engage alternative third parties to perform the services at our cost or to perform the services ourselves, any of which could result in a negative impact on our reputation, a loss of revenue or adversely impact our cash flows and profitability.

We also may fail to obtain the right to use third-party data or our use of third-party data may be limited in a manner that could impede our development of solutions, including solutions using AI technologies, or our provision of services that rely on such data. If we are unsuccessful in negotiating for such third-party data use rights, or if we are found to have used such data in a manner inconsistent with our rights and limitations, we may need to stop providing certain of our solutions or services, we may be unable to compete with our peers, or we might incur other financial, legal and/or reputational consequences.

Employee wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin.

Our most significant costs are the salaries and related benefits of our operations staff and other employees. For example, wage costs in India, the Philippines and South Africa have historically been significantly lower than wage costs in the United States, the United Kingdom and Europe for comparably skilled professionals, and having a significant number of our employees in those lower wage costs countries has been one of our competitive advantages. However, because of increased demand for competitive services from such countries and increased competition for skilled employees, wages for comparably skilled employees are increasing at a faster rate than in the United States, the United Kingdom and Europe. This may reduce our competitive advantage. We also may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of employees that our business requires. Wages are generally higher for employees performing AI, analytics and digital transformation services than for employees performing digital operations and solutions. As the scale of such services increases, wages as a percentage of revenues may increase. In addition, changes to the labor laws in the countries where we operate may also lead to a substantial increase in our wage costs. To the extent that we are not able to control such costs by our efforts to add capacity in lower wage costs countries or share wage increases with our clients, wage increases may reduce our margins and cash flows.

Our business could be materially and adversely affected if we do not protect our intellectual property or if our services or solutions are found to infringe on the intellectual property of others.

Our success depends in part on certain methodologies, practices, tools and technical expertise we utilize in providing our services and solutions. Our intellectual property consists of proprietary and licensed platforms, software, data, datasets, methodologies, models, know-how, names, designs, domains, user interfaces, applications and operating procedures, among other materials. We consider many of our business processes and implementation methodologies to be trade secrets or proprietary know-how and confidential information. We seek to protect our intellectual property through a combination of patent, trademark, copyright and trade secret laws, as well as through confidentiality procedures and contractual provisions. In addition, we monitor infringing or potentially infringing activities by third parties on our IP portfolio through cybersecurity "watchdog" technologies and take action to enforce offensive action when necessary to protect our intellectual property. Clients and business partners typically agree in writing to confidential treatment of our information. Our employees and independent contractors are required to sign work-for-hire and confidentiality covenants as a condition to their employment and engagement, respectively. We also have policies requiring our employees, independent contractors, and associates to respect the intellectual property rights of others, including obtaining appropriate licenses when using, selling or distributing third party materials. However, these measures may not prevent misappropriation or infringement of our intellectual property and a

resulting loss of competitive advantage. Additionally, we may not be successful in obtaining or maintaining patents, trademarks or other intellectual property rights protections for which we have applied or may in the future apply.

We may be unable to protect our intellectual property and proprietary technology effectively, which may allow competitors to duplicate our technology and solution offerings and may adversely affect our ability to compete with them. To the extent that we do not protect our intellectual property effectively through contractual provisions, confidentiality procedures, patents, trade secret laws or other means including those set forth above, other parties, including former employees, with knowledge of our intellectual property may leave and seek to exploit our intellectual property for their own or others' advantage. We may not be able to detect unauthorized use and steps we take to enforce our rights may not always be successful. Infringement by others of our intellectual property, including the costs of enforcing our intellectual property rights, may have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, competitors or others may allege that our systems, processes, marketing, data usage or technologies infringe on their intellectual property rights, including patents. Non-practicing entities may also bring baseless, but nonetheless costly to defend, infringement claims. We could be required to indemnify our clients if they are sued by a third party for intellectual property infringement arising from materials that we have provided to the clients in connection with our services and solutions. We may not be successful in defending against such intellectual property claims or in obtaining licenses or an agreement to resolve any intellectual property disputes. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, any future infringement claim against us or our clients may cause us to alter our business practices, lose significant revenue, incur significant license, royalty or technology development expenses, or pay significant monetary damages or legal fees and costs. Any such claim for intellectual property infringement may have a material adverse effect on our business, results of operations, financial condition and cash flows.

We earn a substantial portion of our revenues from a limited number of clients that are mainly located in the United States

We have earned and believe that we will continue to earn in the near or foreseeable future a substantial portion of our total revenues from a limited number of large clients that are primarily located in the United States. Any change in demand from any of our large clients for any reason could have a material adverse effect on our business, results of operations, financial condition and cash flows. Moreover, the loss of a major client could also impact our reputation in the market, making it more difficult to attract and retain clients more generally.

Global macroeconomic and geopolitical conditions affect us, our clients' businesses and the markets they serve. Volatile, negative and uncertain economic and geopolitical conditions have in the past undermined and could in the future undermine business confidence in the markets in which we operate, which are increasingly interdependent, causing our clients to reduce or defer their spending on new initiatives and technologies, and negatively affecting our business.

Our inability to manage our rapid infrastructure and personnel growth across countries could adversely affect our business operations.

We have operations centers across India, the United States, the Philippines, South Africa, Colombia, Bulgaria, Romania, the United Kingdom, the Czech Republic, Mexico and the Republic of Ireland. Our headcount has increased significantly over the past several years. We expect to develop and improve our internal systems in the locations in which we operate in order to address the anticipated continued growth of our business. We continue to look for operations centers at locations outside of our current operating geographies. We have also made changes to our operating model driven by delivery of a significant portion of our services from a hybrid working model, which has led to contraction of our operations centers. Changes in our operating model or other changes to our infrastructure facilities or how we are organized, as the needs and size of our business change, limit our ability to forecast the need to hire additional skilled employees as and when they are required to meet the ongoing needs of our clients, and we may not be able to develop and improve our internal systems. We may fail to attract and retain enough sufficiently trained employees to support our operations or professionals with sufficient leadership capabilities. We may not be able to maintain our culture and effectively communicate our core values, policies and procedures, strategies and goals, particularly given our world-wide operations, rate of new hires, and significant percentage of our employees who have the option to work remotely. We need to introduce reskilling and upskilling programs tailored to AI and data roles to ensure that employees remain agile and capable of executing complex projects. Training initiatives that focus on AI model development, deployment, and maintenance not only improve employee capabilities but also position us as a forward-thinking organization. Without these investments, we risk losing key talent to competitors, jeopardizing our ability to innovate and grow. We also need to manage cultural differences among our employee populations and varying legal and regulatory regimes across jurisdictions, and that may create a risk for employment claims. Our inability to execute our growth strategy, to ensure the continued adequacy of our current systems or to manage our expansion effectively could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may engage in strategic acquisitions or transactions, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

As part of our business strategy, we intend to continue to selectively consider acquisitions or investments, some of which may be material. Through the acquisitions we pursue, we may seek opportunities to expand the scope of our existing services, add new clients or enter new geographic markets. There can be no assurance that we will successfully identify suitable candidates in the future for strategic transactions at acceptable prices, have sufficient capital resources to finance potential acquisitions or be able to consummate any desired transactions. Our failure to identify suitable candidates or close transactions with potential acquisition targets for which we have invested significant time and resources could have a material adverse effect on our financial condition and cash flows.

Acquisitions, including completed acquisitions, involve a number of risks, including diversion of management's attention, ability to finance the acquisition on attractive terms, failure to retain key personnel or valuable clients, legal liabilities and the need to amortize acquired intangible assets or recognize any impairment on goodwill and intangible assets, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows. Future acquisitions may also result in the incurrence of indebtedness or the issuance of additional equity securities.

The intellectual property of an acquired business may be an important component of the value that we agree to pay for such a business. Although we conduct due diligence in connection with each of our acquisitions, such acquisitions are subject to the risks that the acquired business may not own the intellectual property that we believe we are acquiring, that the intellectual property is dependent upon licenses from third parties, that the acquired business infringes upon the intellectual property rights of others or that the technology does not have the acceptance in the marketplace that we anticipated.

We could also experience financial or other setbacks if transactions encounter unanticipated problems, including problems related to execution, integration or underperformance relative to prior expectations, or problems with the intellectual property that we may acquire. Our management may not be able to successfully integrate any acquired business into our operations or maintain our standards, controls and policies, which could have a material adverse effect on our business, results of operations and financial condition. Consequently, any acquisition we complete may not result in long-term benefits to us or we may not be able to further develop the acquired business in the manner we anticipated.

Our business could be negatively affected if we incur financial penalties or legal liability, including with respect to our contractual obligations, in connection with providing our solutions and services.

Most of our agreements with clients contain service level and performance requirements, including requirements relating to the quality of our services. Failure to consistently meet the service requirements of a client or errors made by our employees in the course of delivering services to our clients could disrupt the client's business and result in a reduction in revenues or a claim for damages against us.

If we fail to meet our contractual obligations or otherwise breach obligations to our clients or vendors, we could be subject to legal liability. We may enter into non-standard agreements because we perceive an important economic opportunity by doing so or because our personnel did not adequately adhere to our guidelines. In addition, with respect to our client contracts, the contracting practices of our competitors may cause contract terms and conditions that are unfavorable to us to become standard in the marketplace. If we cannot, or do not, meet our contractual obligations to provide solutions and services to clients, and if our exposure is not adequately limited through the enforceable terms of our agreements, we might face significant legal liability and our business could be adversely affected. Similarly, if we cannot, or do not, meet our contractual obligations with vendors, such as licensors, the vendors may have the right to terminate the contract, in which case we may not be able to provide client solutions and services dependent on the products or services provided to us by such contracts.

We face competition globally from other providers and from our clients, who may build global capability centers to perform digital operations and solutions and analytics services themselves, either in-house or other arrangements.

The market for our services is highly competitive, and we expect competition to intensify and increase in the future as more companies enter the market. We face competition globally from other providers. We believe that the principal competitive factors in our markets are breadth and depth of process expertise, offerings, knowledge of industries served, service quality, compliance rigor, global delivery capabilities, pricing, sales and client management capabilities. Further, a client may choose to use its own internal resources rather than engage an outside firm to perform the types of services we provide, including by creating in-house global capability centers.

In addition, the trend toward offshore outsourcing, international expansion by foreign and domestic competitors and continuing technological changes, such as cloud computing, will result in new and different competition for our services.

These competitors may include entrants from the communications, software and data networking industries or entrants in geographic locations with lower costs than those in which we operate. Some of these existing and potential competitors may have greater financial, personnel and other resources, a broader range of offerings, greater technological expertise, more recognizable brand names and more established relationships in industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic relationships or mergers or acquisitions with larger, more established companies in order to increase their ability to address client needs, or enter into similar arrangements with potential clients. The trend in multi-vendor relationships has been growing, which could reduce our revenues to the extent that we are required to modify the terms of our relationship with clients or that clients obtain services from other vendors. Increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could impact our business, results of operations, financial condition and cash flows.

We are vulnerable to natural disasters, technical disruptions, pandemics and societally created events that could severely disrupt the normal operations of our business and if our risk management, business continuity and disaster recovery plans are not effective, it may adversely affect our business, results of operations, financial condition and cash flows.

Our operations centers and our data and voice communications, particularly in India, the Philippines and South Africa, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, volcano eruptions, heavy rains, drought, extreme heat, epidemics or pandemics, tsunamis and cyclones, technical disruptions such as electricity or infrastructure breakdowns, including damage to telecommunications cables, computer glitches and electronic viruses or man-made events such as political unrest, terrorist attacks, other acts of violence or war, protests, riots and labor unrest. Such events may lead to the disruption of business operations, information systems and telecommunication services or our supply chain for sustained periods. They also may make it difficult or impossible for employees to reach our business locations and for us to deliver our solutions and services.

Our risk management, business continuity and disaster recovery plans may not be effective at preventing or mitigating the effects of such disruptions, particularly in the case of a catastrophic event. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with and liability to our clients, our leadership team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or operations centers. While we currently have commercial liability insurance, our insurance coverage may not be sufficient to cover any such liability or other related costs. Furthermore, we may be unable to secure such insurance coverage at premiums acceptable to us in the future or at all. Prolonged disruption of our services would also entitle our clients to terminate their contracts with us. Any of the above factors may adversely affect our business, results of operations, financial condition and cash flows.

Risks Related to the International Nature of Our Business

If the transfer pricing arrangements we have for controlled intercompany transactions among our subsidiaries are determined to be inappropriate, our tax liability may increase.

The transfer pricing regulations in the countries we operate in require that controlled intercompany transactions be at arm's-length. Accordingly, we determine and document pricing for controlled intercompany transactions based on an economic analysis as prescribed in the respective regulations. The tax authorities have jurisdiction to review our transfer pricing. If our transfer pricing is challenged by the authorities, they could assess additional tax, interest and penalties, thereby impacting our profitability and cash flows.

Our financial condition could be negatively affected if governments in the countries we operate in introduce new unfavorable tax legislation, including legal restrictions for repatriation of our earnings.

We are subject to taxes in the countries we operate in. Our future tax liabilities could be adversely affected by any new unfavorable tax legislative changes in the countries we operate in. We continuously monitor such changes to assess and quantify the potential impacts on our consolidated financial statements.

We currently benefit from corporate tax holidays in our qualified Philippines Economic Zone Authority operations centers in the Philippines. Our ability to utilize these tax holidays could be adversely affected by any new unfavorable tax legislative changes. We continuously monitor such changes to assess and quantify the potential impacts on our consolidated financial statements.

We have established our headquarters for international business in Dublin, Ireland, and qualify for a reduced tax rate. We continuously monitor our operations to ensure we continue to qualify for the reduced rate.

We currently operate in the Philippines and Ireland where we will be subject to a minimum tax rate pursuant to the Pillar Two Framework prescribed by Organization for Economic Co-operation and Development (“OECD”). The OECD continues to release additional guidance on the Pillar Two Framework, with implementation generally effective for 2024. We do not anticipate any significant Pillar Two impacts, but will continue to evaluate any changes and potential impact on our consolidated financial statements.

We earn a significant amount of our earnings in countries outside of the United States and we periodically evaluate opportunities to repatriate these earnings to fund our global operations, including acquisitions and debt management. Not all of the undistributed earnings may be available for repatriation due to foreign legal restrictions that require minimum reserves to be maintained in those countries, which may limit our ability to use such earnings across our global operations in the United States or other geographies, where needed. Additionally, as and when we decide to repatriate such earnings, we may have to accrue further taxes associated with such earnings in accordance with local tax laws, rules and regulations in the relevant jurisdictions, which are subject to change from time to time. All of these risks and uncertainties could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Currency exchange rate fluctuations in the various currencies in which we do business, or the failure of our hedging strategies to mitigate such fluctuations, could have a material adverse effect on our results of operations.

We report our operating results in U.S. dollars, yet a portion of our revenues and expenses are denominated in currencies other than the U.S. dollar. Accordingly, we must translate such revenues and expenses, as well as corresponding assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period, as applicable. As a result, fluctuations in foreign currency exchange rates can adversely affect our results of operations. The exchange rates among the Indian rupee, the Philippine peso, the U.K. pound sterling, the South African rand and other currencies in which we incur costs or earn revenues and the U.S. dollar have changed substantially in recent years and may fluctuate substantially in the future. See Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk.” Additionally, because a majority of our employees are based in India, Philippines and South Africa and paid in Indian rupee or Philippine peso or South African rand, while our revenues are primarily reported in U.S. dollars and U.K. pound sterling, our employee costs as a percentage of revenues may increase or decrease significantly if the exchange rates among the Indian rupee, the Philippine peso, the U.K. pound sterling, the South African rand and the U.S. dollar fluctuate significantly.

Although we take steps to hedge a substantial portion of our foreign currency exposures, there is no assurance that our hedging strategy will be successful or that the hedging markets will have sufficient liquidity or depth to allow us to implement our hedging strategy in a cost-effective manner. Any failure by our hedging counterparties to meet their contractual obligations could materially and adversely affect our profitability, business, results of operations, financial condition and cash flows.

Restrictions on visas and work permits may affect our ability to compete for and provide services to clients in the United States and other countries, which could make it more difficult to staff engagements and could increase our costs, which could have an adverse effect on our net income.

Immigration and work permit laws and regulations in the countries where we have clients are subject to legislative and administrative changes as well as changes in the application of standards and enforcement.

The ability of some of our executives and employees based in India and other foreign locations to work with and meet clients in the United States and other countries depends on their ability to obtain the necessary visas and work permits. In recent years, immigration authorities, in the United States as well as other countries where our clients are based, have increased the level of scrutiny in granting such visas and work permits, which may be affected by changes in legislation and enforcement due to political and other factors which may be difficult to predict. The ability to move our employees around the world as necessary to meet client demands is important to our business. If we are unable to efficiently deploy talent because of increased regulation of immigration or work visas, including limitations placed on the number of visas granted, limitations on the type of work performed or location in which the work can be performed, and new or higher minimum salary requirements, it could be more difficult to staff our employees on client engagements and could increase our costs and have an adverse effect on our net income and cash flows.

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Investors may have difficulty effecting service of process or enforcing judgments obtained in the United States against our foreign subsidiaries or our executive officers.

Our primary operating subsidiaries are organized outside the United States and some of our executive officers may reside outside of the United States. A substantial portion of our assets are located in India and the Philippines. As a result, our investors may be unable to effect service of process upon our affiliates or officers who reside in India and the Philippines outside their jurisdiction of residence. In addition, our investors may be unable to enforce against these persons outside the jurisdiction of their residence judgments obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States.

Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, including, accreditation or licensing standards that govern our business, and violations of these requirements could harm our business.

We provide services to clients throughout the world, therefore we and our clients (who sometimes impose those requirements on us) are subject to numerous, and sometimes conflicting, changing and evolving laws and regulations on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, internal and disclosure control obligations, securities regulation, including anti-competition, anti-money-laundering and anti-corruption laws (including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act), data privacy and protection, government compliance, wage-and-hour standards, employment and labor relations, health and safety, environmental and human rights, state laws on third party administration services, utilization review services, telemarketing services or state laws on debt collection in the United States and the Financial Services Act in the United Kingdom as well as similar consumer protection laws in other countries where our clients' customers are based. The global nature of our operations increases the difficulty of compliance.

The new United States presidential administration has imposed or threatened significantly increased tariffs on foreign imports into the United States, particularly from China, Mexico and Canada, and the U.K. and the European Union. The imposition of these tariffs or other trading regulations by the U.S. government on foreign countries, or by foreign countries on the U.S., could result in a global trade war which may significantly affect our customers' businesses and therefore their ability or willingness to engage us for our offerings, which may result in the loss of customers and harm our operating performance, sales and earnings.

In addition, we are required under various laws to obtain and maintain accreditations, permits and/or licenses for the conduct of our business in all jurisdictions where we have operations, and, in some cases where our clients receive our services to enable them to comply with applicable regulations or accreditations or licensing standards. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of any of these laws or regulations in the conduct of our business, including being unable to maintain our accreditations, licenses or other qualifications while working for our clients, could result in fines, criminal sanctions against us or our officers, prohibitions on doing business or suspension or disqualification from government contracting or contracting with private entities in certain highly regulated industries, damage to our reputation and other unintended consequences such as liability for monetary damages, fines and/or criminal prosecution including in the form of successor liability in certain circumstances for companies we invest in or acquire, unfavorable publicity, or restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations and loss of clients.

Risks Related to Our Indebtedness

We may not be able to service our debt or obtain additional financing on competitive terms.

We are party to a credit agreement for our bank debt facility that contains covenants, among other things, requiring maintenance of certain financial ratios and restricting our ability to incur additional indebtedness, create liens, make certain investments and acquisitions, pay dividends, repurchase common shares and make other restricted payments or undertake certain fundamental changes (including, consolidations, liquidations or disposal of certain assets or subsidiaries). The credit agreement provides for a \$500 million revolving credit facility, including a letter of credit sub-facility, and a \$100 million term loan facility, which is guaranteed by certain subsidiaries. If we breach any of these covenants and do not cure such breach within the applicable cure periods or obtain a waiver from the lenders, the outstanding indebtedness could be declared immediately due and payable and such acceleration could adversely affect our liquidity and financial condition.

Our cash flow from operations provides the primary source of funds for our debt service payments. Given the uncertainty over global economic conditions and regulatory, competitive or other factors outside of our control, including but not limited to conflicts between Russia and Ukraine, and Israel and Hamas, there can be no assurance that business activity will be maintained at our expected level in order to generate the anticipated cash flows from operations. If our cash flow from operations declines,

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we may not be able to service or refinance our current debt or obtain financing on favorable terms to us or at all, which could adversely affect our business and financial condition. A substantial portion of our floating rate indebtedness is exposed to interest rate fluctuations as only a portion is hedged through interest rate swaps. Accordingly, any adverse change in interest rates due to market conditions or otherwise could increase our cost of funding substantially.

We may in the future require additional financing to fund one or more acquisitions or similar corporate transactions and may not be able to obtain such additional financing on competitive terms or at all, which could restrict our ability to complete such transactions.

Risks Related to Our Common Stock

Our stock price continues to be volatile.

The market price of our common stock has at times experienced or may experience substantial price volatility as a result of, among other reasons, variations between our actual and anticipated financial results, announcements by us and our competitors, terrorist attacks, natural disasters, epidemics or pandemics, or other such events impacting countries where we or our clients have operations, loss of one or more significant clients, announcements of technological developments, projections or speculation about our business or that of our competitors by the media or investment analysts, the effect of any stock split, or uncertainty about current global economic conditions. The stock market, as a whole, experiences extreme price and volume fluctuations that affect the market price of many companies, including technology companies, in ways that may have been unrelated to these companies' operating performance. The global stock markets have experienced, and may continue to experience, significant volatility from inflation and high interest rates, which could result in a material adverse effect on our stock price. Furthermore, if we fail to meet expectations relating to future growth and profitability, this may have a materially adverse effect on the trading price of our common stock.

Delaware law and our fourth amended and restated certificate of incorporation and sixth amended and restated by-laws contain certain anti-takeover provisions that could delay or discourage business combinations and takeover attempts that stockholders may consider favorable.

Our fourth amended and restated certificate of incorporation and sixth amended and restated by-laws (the "by-laws") contain provisions that may make it more difficult, expensive or otherwise discourage a tender offer or a change in control or takeover attempt by a third-party that is opposed by our board of directors. These provisions include provisions permitting the board of directors to fill vacancies created by its expansion, provisions requiring the vote of holders of two thirds of our common stock for certain amendments to our organizational documents, provisions barring stockholders from calling a special meeting of stockholders or requiring one to be called or from taking action by written consent and provisions that set forth advance notice procedures for stockholders' nominations of directors and proposals for consideration at meetings of stockholders. These provisions may have the effect of delaying or preventing a change of control or changes in management that stockholders consider favorable. Additionally, because we are incorporated in Delaware, we are subject to Section 203 of the Delaware General Corporation Law (the "DGCL"). Section 203 of the DGCL may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions of our restated certificate of incorporation, by-laws and Delaware law could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our common stock in the future which could reduce the market price of our stock.

We do not intend to pay dividends in the foreseeable future, and, because we are also a holding company, we may be unable to pay dividends.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will be dependent on then-existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, including restrictions under our credit agreement, business prospects and other factors that our board of directors considers relevant. Furthermore, because we are also a holding company, any dividend payments would also depend on the cash flow from our subsidiaries. Accordingly, under certain circumstances, we may not be able to pay dividends even if our board of directors would otherwise deem it appropriate.

Risks Related to Our Industry

Our industry may not develop in ways that we currently anticipate due to negative public reaction in the United States and elsewhere to offshore outsourcing, anti-outsourcing executive action, legislation or otherwise.

Offshore outsourcing is a politically sensitive topic in the United States and elsewhere, and many organizations and public figures have publicly expressed concern about a perceived association between offshore outsourcing providers and the loss of jobs in the United States, where the majority of our clients are located, and elsewhere. Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services to offshore providers to avoid any negative perception that may be associated with using an offshore provider. Measures aimed at limiting or restricting outsourcing by U.S. companies may be put forward by the President via executive action, U.S. Congress or in state legislatures to address these concerns. If any such measure is enacted, our ability to do business with U.S. clients through our non-U.S. affiliates could be negatively impacted.

General and Other Risk Factors

Our results of operations could be adversely affected by economic and political conditions globally and the effects of these conditions on our clients' businesses and levels of business activity.

Global economic and political conditions affect our clients' businesses and the markets they serve, which are increasingly becoming more interdependent. The domestic and international capital and credit markets have in the past, and may in the future, experience volatility and disruption and uncertainty from geopolitical tensions, inflation, economic tensions, changes in legislation in the various jurisdictions in which we and our clients operate, changes in global trade policies, or global health emergencies or pandemics, which may affect our clients, us directly, or our client industries, and could result in changing demand patterns. Our business largely depends on continued demand for our services. Weakness in the global labor market could also adversely affect the demand for our services and impact our ability to recruit, train and retain qualified employees, resulting in a significant negative impact on our business and results of operations.

Market disruptions may limit our ability to access financing or increase our cost of financing to meet liquidity needs, and affect the ability of our clients to use credit to purchase our services or to make timely payments to us.

We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could adversely affect our financial results.

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The application of U.S. GAAP requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition, and our accompanying disclosure. Our most critical accounting estimates are described in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Critical Accounting Policies and Estimates." We base our estimates on historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. These estimates and assumptions involve the use of judgment and are subject to significant uncertainties, some of which are beyond our control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from our estimates, and we may need to, among other things, adjust revenues or accrue additional charges that could adversely affect our results of operations.

We are exposed to credit risk and fluctuations in the market values of our investment and derivatives portfolios.

Any deterioration of the credit and capital markets in the United States, the United Kingdom, Europe, Asia or other regions of the world could result in volatility of our investment earnings and impairments to our investment portfolio, which could negatively impact our financial condition and reported income. Changes in economic conditions could adversely affect the ability of counterparties, including counterparties to our foreign exchange forward contracts, to meet their obligations to us, which could materially affect our positions and investments.

We may not be fully insured for all losses we may incur.

We could be sued directly for claims that could be significant, such as claims related to breaches of privacy or network security, infringement of intellectual property rights, violation of wage and hour laws, or systemic discrimination, and our liability under our contracts may not fully limit or insulate us from those liabilities. Although we have general liability insurance coverage, including coverage for errors or omissions, cyber security incidents, property damage or loss and breaches of privacy and network security, that coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims, and our insurers may disclaim coverage as to any future claim. Insurance is not available for certain types of claims, including patent infringement, violation of wage and hour laws, failure to provide equal pay in the United States, and our indemnification obligations to our clients based on employment law. The successful assertion of one or

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more large claims against us that are excluded from our insurance coverage or exceed available insurance coverage, or changes in our insurance policies (including premium increases, the imposition of large deductible or co-insurance requirements, or our insurers' disclaimer of coverage as to future claims), could have a material adverse effect on our business, results of operations, financial condition and cash flows.

New and changing laws, corporate governance and public disclosure requirements add uncertainty to our compliance policies and increase our costs of compliance.

New and changing laws, regulations and standards relating to accounting, corporate governance, sustainability and public disclosure, other SEC regulations, rules and regulations of the Consumer Financial Protection Bureau, The Nasdaq Stock Market LLC (or equivalent or other exchange on which our common stock may be listed), the Public Company Accounting Oversight Board, generally accepted accounting principles issued by Financial Accounting Standard Board, and state law can create uncertainty for companies like ours. These laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards.

In particular, federal securities laws require us to maintain internal controls over financial reporting. Effective internal controls are necessary for us to provide reliable and accurate financial information and to effectively prevent fraud. We devote significant financial and managerial resources and time to comply with the internal control over financial reporting requirements and continue to enhance our controls. Internal control over financial reporting has inherent limitations, including human error, sample-based testing, the possibility that controls could be circumvented or become inadequate because of changed conditions, unidentified controls, and fraud, which might not prevent or detect all misstatements or fraud, and could result in adverse consequences to us, including, but not limited to, a loss of investor confidence in the reliability of our financial results, which could cause the market price of our stock to decline. While we do not anticipate any material weaknesses in our internal controls framework, we cannot be certain that we will be able to prevent future significant deficiencies or material weaknesses.

Our sustainability initiatives and disclosures may expose us to reputational risks and legal liability.

Our brand and reputation are also associated with various corporate sustainability initiatives. Our disclosures on these matters, and any failure or perceived failure to achieve or accurately report on our initiatives, are subject to risks outside of our control and could harm our reputation. In addition, positions we take or do not take on social issues may be unpopular with some of our employees, our existing and potential clients and investors, governments, media or advocacy groups, which may impact our ability to attract or retain employees or the demand for our services.

We may experience increased compliance burdens and costs to meet obligations related to new and existing laws and regulations related to sustainability matters. In addition, our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders. We could also be criticized by sustainability detractors, or subjected to negative responses by governmental actors or policies, legislation, or initiatives, legal opinions or other actions, which could result in additional scrutiny on the scope or nature of our reporting and our sustainability initiatives, each of which could adversely affect our reputation, business, financial performance and growth.

In addition, standards for tracking and reporting on sustainability matters have not been harmonized and continue to evolve. Methodologies for reporting sustainability data may be updated and previously reported sustainability data may be adjusted to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting sustainability matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting metrics, including disclosures that may be required by the applicable regulators, may change over time, which could result in significant impacts to our business.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

We maintain a comprehensive cybersecurity and data privacy program to safeguard the security, confidentiality, integrity, availability and protection of the Company's and our clients' information. Cyber security is also an inherent consideration for our data and AI-led solutions. Specifically, there is a heightened focus on institutionalizing a Responsible AI framework to proactively identify and mitigate data protection and privacy risks. We aim to continually strengthen our cybersecurity posture and protocols by investing in people, processes and technology intended to protect information throughout the business life cycle and to manage cybersecurity risk, and we intend to continue to do so as cybersecurity risks and methods for preventing against them evolve. No assurance can be given that the policies and procedures outlined below will be properly followed in every instance or that they will be effective in safeguarding against every possible cybersecurity threat.

We describe how cybersecurity threats are likely to materially affect our business, results of operations, and financial conditions in Part I, Item 1A, "Risk Factors" under "Risks Related to Our Business— Unauthorized disclosure of sensitive or confidential client and employee data, whether through breach of our computer systems or otherwise, could cause us significant reputational damage, expose us to protracted and costly litigation, and cause us to lose clients." We believe that these risks have not materially affected our business to date, but we can provide no assurance that they will not affect us in the future. Although we maintain cybersecurity insurance to mitigate potential liabilities resulting from specific cybersecurity incidents, there is no guarantee that our insurance coverage limits will comprehensively protect us against any future claims or that such insurance proceeds will be paid to us in a timely manner.

Cybersecurity Strategy and Risk Management

Our cybersecurity strategy is founded on policies, processes and practices that are integrated into our overall risk management system. These policies, processes and practices are aimed at building a cyber-resilient organization by implementing and operationalizing cybersecurity capabilities to identify, protect, detect, respond and recover from cybersecurity threats and incidents and are guided by relevant regulatory and governance bodies, including but not limited to the Cyber Security Framework of the National Institute of Standards and Technology. We have undertaken measures designed to comply with applicable privacy laws and regulations that are applicable to our services. These security capabilities are designed to mitigate vulnerabilities and the impact of cyber incidents.

Cyber security is an inherent consideration for our data and AI-led digital solutions. There is heightened focus on institutionalizing a Responsible AI framework that includes periodic Secure AI assessments to proactively identify and mitigate data protection and privacy risks.

We regularly conduct cybersecurity and other risk assessments and compliance audits both internally and through third party auditors that we independently engage or that we engage in connection with our certification to certain international standards, such as the ISO 27001:2013 standard for information security management systems, PCI DSS for handling financial data, the ISO 22301:2012 for business continuity management systems, the ISO 9001:2008 standard for quality management systems, SOC 1 TYPE II and SOC 2 TYPE II, among others. We also regularly assess and deploy technical safeguards and conduct vulnerability assessment and penetration testing of our technology environment independently and through third parties. We use the outcome of these assessments to align our cybersecurity program and technical safeguards with the evolving cybersecurity threat landscape and adjust and augment our security controls environment as required.

We have implemented a third-party risk management program to proactively identify and mitigate any potential risks that emerge from our supplier and partner ecosystem. We have processes in place to restrict and provide need-based access to sensitive or confidential data for third parties. Additionally, we conduct periodic evaluations of key suppliers and partners for ongoing monitoring of the risk environment.

Incident Response and Recovery Planning

While processes are in place to minimize the occurrence of a successful cyberattack, we have institutionalized detailed incident response procedures to address a cyber threat that may occur despite these safeguards. The response procedures are designed to identify, analyze, isolate and contain, remediate, and, if applicable, report any such material cyber incidents that occur. We have developed a materiality assessment approach for cyber and a cyber crisis communication methodology for structured and timely notification to internal and external stakeholders. Further, we have empaneled specialized cyber partners to provide advanced investigation capabilities and response management support in case of a real cyber incident. Periodic tabletop and crisis simulation exercises are conducted to reinforce our incident response controls on an ongoing basis.

Training and Awareness

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We maintain a comprehensive information and cybersecurity awareness and training program for all employees and contracted resources. This includes a mandatory annual information security training, periodic simulations such as red teaming and tabletops, regular communications on relevant topics and policies related to data privacy, phishing, email security best practices, among others. We provide specialized security training for certain roles with access to sensitive data, including human resources or employees who regularly handle personal or sensitive information.

Governance (Management Oversight and Engagement with the Board of Directors)

Cybersecurity is governed by our cross-functional apex body, the Management Security, Continuity and Privacy Forum (“MSCPF”), comprised of management representatives across all of our business units and enterprise functions such as Legal, Human Resource, Growth and Strategy, Compliance, Technology and Information Security. The MSCPF periodically reviews the strategy, policy, program effectiveness, standards development, cybersecurity risks, incident, and response preparedness.

The Audit Committee of our board of directors provides primary oversight and strategic guidance on Cybersecurity. The Audit Committee receives reports from management, typically on a quarterly basis, regarding our security risk management, including cybersecurity-related risks, vulnerabilities, policies, practices, and strategic initiatives. Annually, our board of directors receives a report from management on our cybersecurity posture, our readiness and our capability to reduce the risk of, detect and respond to a cyberattack. Our senior management and board of directors participate in periodic cyber tabletop exercises to further enhance our preparedness in the event of an actual incident.

The Cyber Security program including security operations, governance, risk and compliance, data privacy, and business continuity is led by our Chief Information Security Officer (“CISO”) who has over 25 years of extensive experience in technology and data center architecture, client solutioning, complex program management and nearly a decade in cyber risk management, governance and incident handling. Our CISO is supported by a team of cyber experts, many of whom are certified professionals in areas of security architecture, threat hunting, incident response, application security, business resiliency and data privacy among others.

ITEM 2. Properties

Our corporate headquarters are located in New York. We have multiple operations centers spread across India, the Philippines, South Africa, Columbia, Bulgaria, Romania, the United Kingdom, the Czech Republic, Mexico and the Republic of Ireland with an aggregate area of approximately 1,810,000 square feet and a current installed capacity of approximately 28,000 workstations, including workstations for training and our employees in enabling functions. We also have multiple operations centers and regional offices in the United States.

Our corporate headquarters and all of our operations centers are leased under long-term leases with varying expiration dates, except for an operations center in Pune, India with an area of 86,361 sq. ft. and containing approximately 1,690 agent workstations, which we own. Substantially all of our owned and leased property is used to service all of our reporting segments.

We believe that our current facilities are adequate to support our existing operations, however we continue to optimize our existing network of operations centers to service our client, drive efficiencies and adapting the hybrid working model. We also believe that we will be able to obtain suitable additional facilities on commercially reasonable terms on an “as needed basis”.

ITEM 3. Legal Proceedings

In the course of our normal business activities, various lawsuits, claims and proceedings may be instituted or asserted against us. Although there can be no assurance, we believe that the disposition of matters currently instituted or asserted will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. See Note 25 - Commitments and Contingencies to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” for details regarding our tax proceedings.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II.

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on the Nasdaq Global Select Market under the symbol “EXLS.”

As of February 21, 2025, there were 7 holders of record of our outstanding common stock. A substantially greater number of holders of our common stock are “street name” or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Dividend Policy

We do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will be dependent on then-existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, including restrictions under our credit agreement, business prospects and other factors that our board of directors considers relevant.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

On October 5, 2021, our board of directors authorized a \$300 million (excluding excise tax) common stock repurchase program beginning January 1, 2022 (the “2022 Repurchase Program”).

On February 26, 2024, our board of directors authorized a \$500 million (excluding excise tax) common stock repurchase program beginning March 1, 2024 (the “2024 Repurchase Program”), and terminated the 2022 Repurchase Program on February 29, 2024.

Under these two repurchase programs, shares may be purchased by us from time to time from the open market and through private transactions, or otherwise, as determined by our management as market conditions warrant. We have structured open market purchases under our two repurchase programs to comply with Rule 10b-18 under the Exchange Act. Repurchases may be discontinued at any time by management. Repurchased shares are recorded as treasury shares and are held until our board of directors designates that these shares be retired or used for other purposes.

During the three months ended December 31, 2024, purchases of common stock were as follows:

Period	Shares Purchased from Employees in connection with satisfaction of Withholding Tax Obligations		Shares Purchased as Part of Publicly Announced Programs		Total Number of Shares Purchased	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
	Number of Shares Purchased	Average Price Paid per share	Number of Shares Purchased	Average Price Paid per share		
October 1, 2024 through October 31, 2024	—	\$ —	—	\$ —	—	\$ 334,692,888
November 1, 2024 through November 30, 2024	—	—	41,919	42.63	41,919	\$ 332,905,839
December 1, 2024 through December 31, 2024	11,869	45.93	219,177	45.63	231,046	\$ 322,905,872
Total	11,869	\$ 45.93	261,096	\$ 45.14	272,965	—

During the year ended December 31, 2024, we purchased 6,273,381 shares of our common stock for an aggregate purchase consideration of \$196.5 million, including commission and excluding excise tax, representing an average purchase price per share of \$31.33.

During the year ended December 31, 2024, we purchased 303,836 shares from employees in connection with withholding tax payments related to the vesting of restricted stock units for an aggregate purchase consideration of \$10.3 million. The weighted average purchase price of \$33.79 was the closing price of our shares of our common stock on the Nasdaq Global Select Market on the trading day prior to the vesting date of the restricted stock units.

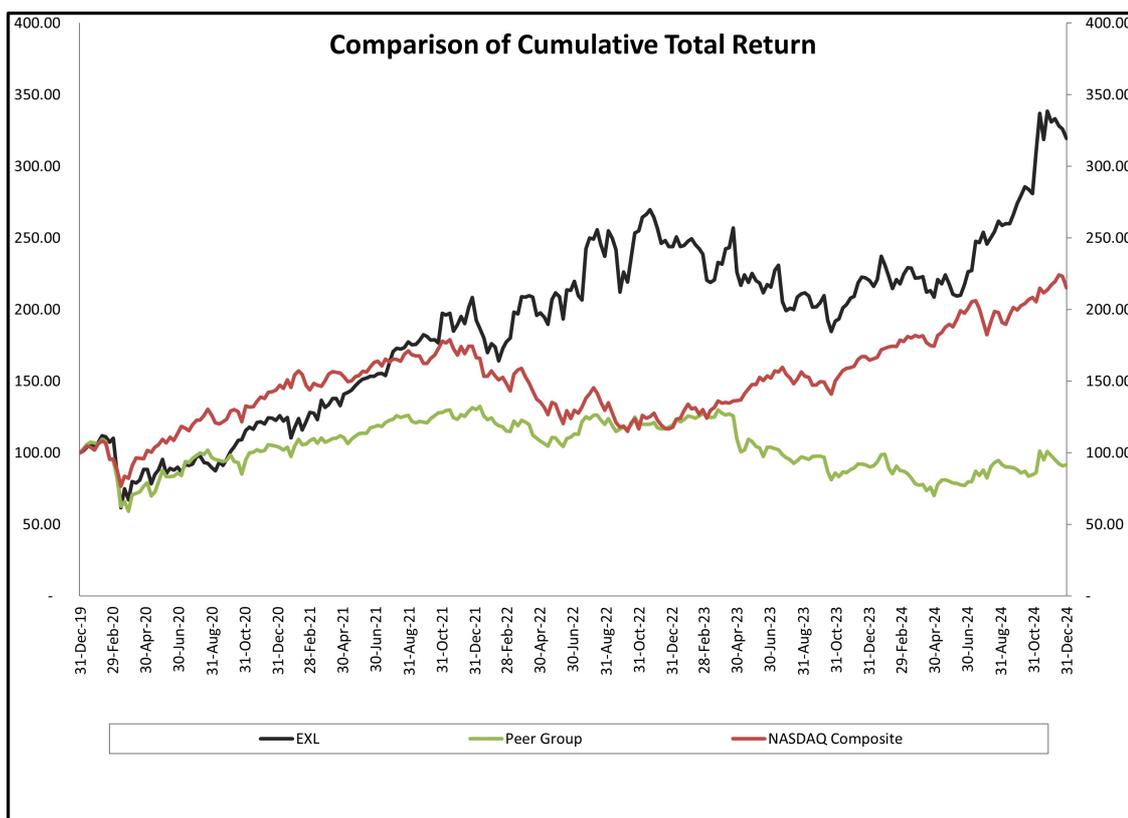
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Pursuant to the Inflation Reduction Act, effective January 1, 2023, we are required to pay a 1% excise tax on the fair market value of each share of common stock repurchased, net of stock issuances.

Performance Graph

The following graph compares the cumulative total stockholder return on our common stock with the cumulative total return of the Nasdaq 100 Index (capitalization weighted) and our peer group of companies for the period beginning December 31, 2019. Our peer group of companies is comprised of two companies that we believe are our closest reporting issuer competitors: Genpact Limited and WNS (Holdings) Limited. The returns of the component entities of our peer group index are weighted according to the market capitalization of each company as of the beginning of each period for which a return is presented. The returns assume that \$100 was invested on December 31, 2019 and that all dividends were reinvested. The stock performance shown on the graph below is not indicative of future price performance.

This graph will not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. This graph will not be deemed to be incorporated by reference into any prior or subsequent filing under the Securities Act, or the Exchange Act.



ITEM 6. [Reserved]

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in connection with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Some of the statements in the following discussion are forward looking statements.

All references to years, unless otherwise noted, refer to our fiscal year, which ends on December 31. For example, a reference to “2024” or “fiscal 2024” means the 12-month period that ended on December 31, 2024. All references to quarters, unless otherwise noted, refer to the quarters of our fiscal year.

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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 these statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These statements often 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 our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Annual Report on Form 10-K, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include but are not limited to:

- our ability to maintain and grow client demand for our services and solutions, including anticipating and incorporating the latest technologies, for instance, artificial intelligence (“AI”), including generative AI into our offerings;
- use of AI technology presents competitive, reputational and legal risks, and our use of AI technology may not be successful;
- impact on client demand by the selling cycle and terms of our client contracts;
- fluctuations in our earnings;
- our ability to hire and retain enough sufficiently trained employees to support our operations or any changes in the senior management team;
- our ability to accurately estimate and/or manage costs;
- our ability to adjust our pricing terms or effectively manage our asset utilization levels to meet the changing demands of our clients and potential clients;
- cyber security incidents, data breaches, or other unauthorized disclosure of sensitive or confidential client and employee data;
- reliance on third parties to deliver services and infrastructure for client critical services, and on third party data use rights for certain of our offerings;
- employee wage increases;
- failure to protect our intellectual property;
- our dependence on a limited number of clients and our ability to withstand the loss of a significant client;
- our ability to manage rapid infrastructure and personnel growth across countries;
- our ability to successfully consummate or integrate strategic acquisitions including the impact from the impairment of goodwill and other intangible assets, if any;
- legal liability arising out of customer and third party contracts;
- increasing competition in our industry;

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- telecommunications or technology disruptions or breaches, natural or other disasters, medical epidemics or pandemics, or acts of violence or war;
- challenges by applicable tax authorities to transfer pricing determinations or the introduction of new or unfavorable tax legislation, including legal restrictions on repatriation of funds held abroad;
- exposure to currency exchange rate fluctuations in the various currencies in which we do business including the rising inflation, high interest rates and economic recessionary trends on currency exchange rates;
- restrictions on immigration and work permits;
- difficulty of enforcing judgments against our foreign subsidiaries or officers;
- regulatory, legislative and judicial developments, including our ability to adhere to regulations or accreditation or licensing standards that govern our business;
- our ability to service debt or obtain additional financing on competitive terms, or exposure to interest rate fluctuations that are not fully hedged through interest rate swaps.
- negative public reaction in the U.S. or elsewhere to offshore outsourcing;
- effects of political and economic conditions globally, particularly in the geographies where we operate;
- our ability to make accurate estimates and assumptions in connection with the preparation of our consolidated financial statements;
- credit risk fluctuations in the market values of our investment and derivatives portfolios; and
- our ability to meet our sustainability-related initiatives.

In particular, you should consider the numerous risks outlined in Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K. These and other risks could cause actual results to differ materially from those implied by forward-looking statements in this Annual Report on Form 10-K.

The forward-looking statements made by us in this Annual Report on Form 10-K, or elsewhere, speak only as of the date on which they were made. New risks and uncertainties may occur from time to time, and it is impossible for us to predict those events or how they may affect us. We have no obligation to update any forward-looking statements in this Annual Report on Form 10-K after the date of this Annual Report on Form 10-K, except as required by federal securities laws.

Executive Overview

We are a global data and artificial intelligence (“AI”) company that offers services and solutions to reinvent our client business models, drive better outcomes and unlock growth with speed. We harness the power of data, AI, and deep industry knowledge to transform businesses, including the world’s leading corporations in industries including insurance, healthcare, banking and capital markets, retail, communications and media, and energy and infrastructure, among others.

We deliver advanced analytics and AI-powered digital operations and solutions to our clients, driving enterprise-scale business transformation initiatives that leverage our deep domain expertise in generative AI and cloud technology. Through the end of 2024, we managed and reported financial information through our four strategic business units: Insurance, Healthcare, Analytics and Emerging Business, which reflected how management reviewed financial information and made operating decisions.

Our global delivery network, which includes highly trained industry and process specialists across the United States, the United Kingdom, Latin America, South Africa, Europe and Asia (primarily India and the Philippines), is a key asset. We have operations centers in India, the United States, the Philippines, South Africa, Colombia, Bulgaria, Romania, the United Kingdom, the Czech Republic, Mexico and the Republic of Ireland.

Acquisition during the year 2024

On August 1, 2024, we completed the acquisition of Incandescent Technologies, Inc. (“ITI Data”), a data management solutions firm that works with the global banks, financial services and healthcare companies. It delivers enterprise business solutions for clients processing significant data volumes with complex data management requirements. The acquisition strengthens our ability to deliver reliable, data-driven insights to our clients and ultimately drive greater value and innovation across their operations.

2025 Operating Model

In the first quarter of 2025, we began to implement operational and structural changes to accelerate the execution of our data and AI strategy, capture a greater share of the growing AI market and drive our long-term growth. The new operating model is comprised of Industry Market Units (“IMUs”) to focus on delivering higher value to clients leveraging our full suite of capabilities; and Strategic Growth Units to focus on rapidly advancing our capabilities specific to various industries and client needs. This will enable us to further embed analytics throughout each of our IMUs, enhance our client relationships, deepen investments in data and AI capabilities, develop industry-specific AI solutions, form partnerships, access new client buying centers, enable expansion of our addressable markets across industries and geographies, and provide more professional development opportunities for our employees.

Our IMUs, Insurance, Healthcare and Life Sciences, Banking, Capital Markets and Diversified Industries, and International Growth Markets, reflect how management will review financial information and make operating decisions beginning in the first quarter of 2025. These IMUs will focus on managing customer relationships and delivering the “One EXL” value proposition to clients, maintain a unified go-to-market approach and be integrally responsible for growth, profitability and client satisfaction.

Our new reportable segments, aligned to our IMUs, effective for the first quarter of 2025 will be as follows:

- Insurance,
- Healthcare and Life Sciences,
- Banking, Capital Markets and Diversified Industries,
- International Growth Markets

The primary changes in our new reportable segments reflect 1) the integration of our former Analytics reportable segment as a core capability within each of our IMUs, ensuring alignment with the specialized needs of our clients across IMUs, 2) the reorganization of our former Emerging Business reportable segment into a Banking, Capital Markets and Diversified Industries reportable segment, excluding Life Sciences, which is now a part of former Healthcare reportable segment, and including data and analytics services, and 3) the formation of International Growth Markets as a separate business unit to represent all our service and solutions offerings to clients in the United Kingdom, Europe, Middle East and Asia-Pacific geographies across all industry verticals. The International Growth Markets business unit will help strategically expand our footprint in markets outside of Americas and drive focus on offerings and expansion in those markets in new and existing clients.

This change in segment presentation will not have any effect on our consolidated statements of income, balance sheets or statements of cash flows. The revised presentation will be reflected in our periodic and annual reports beginning in the first quarter of 2025.

Our Business

We provide data analytics and digital operations and solutions to our clients. We market and sell our services to existing and prospective clients through our sales and client management teams, which are aligned by our clients’ industry verticals and our capabilities such as digital operations and solutions and analytics. Our sales and client management teams operate primarily from the United States, India, the United Kingdom, Ireland and Australia.

Digital Operations and Solutions: We provide our clients with a range of data and AI-driven digital operations and solutions include: a) multi-modal data ingestion using AI, and converting unstructured content into curated and usable data, b) real-time and comprehensive data insights with end-to-end data management and 360-degree customer views for our clients, c) omni-channel and frictionless customer experience including self-service, conversational AI and smart agent assist, d) AI-powered automation of transaction processing and e) automated quality, compliance and audits. We have transformed various client operations using the above solutions such as underwriting operations, claims processing, accounts payables processing, utilization management, member and provider contact center services and collections and accounts receivable. We manage and digitally transform these operations for our clients by deploying our solutions through a software-as-a-service model via our partners' cloud network or a client's on-cloud deployment model, to digitally transform their retained operations. For a portion of our digital operations and solutions, we hire and train employees to work at our operations centers on the relevant business operations, implement a process migration to these operations centers and then provide services either to the client or directly to the client's customers. Each client contract has different terms based on the scope, deliverables and complexity of the engagement. We also provide consulting services related to digital operations and solutions that include industry-specific digital transformational services as well as cross-industry finance and accounting services as part of the Emerging Business strategic business unit.

We provide our services under contracts with our clients, which typically have terms of three or more years, with some being contracts with no end dates. These contracts provide us with a relatively predictable revenue base for a substantial portion of our digital operations and solutions business. However, our clients can typically terminate these contracts with or without cause and with short notice periods. We have a long selling cycle for our services and the budget and approval processes of prospective clients make it difficult to predict the timing of entering into definitive agreements with new clients. Similarly, new license sales and implementation projects for our technology service platforms and other software-based services have a long selling cycle, however ongoing annual maintenance and support contracts for existing arrangements provide us with a relatively predictable revenue base.

We charge for our services using various pricing models like time-and-material pricing, full-time-equivalent pricing, transaction-based pricing, outcome-based pricing, subscription-based pricing and other alternative pricing models. Outcome-based pricing arrangements are examples of non-linear pricing models where clients link revenues from platforms and solutions and the services we provide to usage or savings rather than the efforts deployed to provide these services. We continue to observe a shift in the industry pricing models toward transaction-based pricing, outcome-based pricing and other alternative pricing models. We believe this trend will continue and we use such alternative pricing models with some of our current clients and are seeking to move certain other clients from a full-time-equivalent pricing model to a transaction-based or other alternative pricing model. These alternative pricing models place the focus on operating efficiency in order to maintain or improve our gross margins.

We have also observed that prospective larger clients are entering into multi-vendor relationships with regard to their digital operations and solutions needs, in order to achieve more favorable contract terms and diversification of the risk of concentration on a few vendors. We believe that the trend toward multi-vendor relationships will continue. A multi-vendor relationship allows a client to seek more favorable pricing and other contract terms from each vendor, which can result in significantly reduced gross margins from the provision of services to such client for each vendor. To the extent our large clients expand their use of multi-vendor relationships and are able to extract more favorable contract terms from other vendors, our gross margins and revenues may be reduced with regard to such clients, particularly if we are required to modify the terms of our relationships with such clients to meet competition.

Analytics: Our analytics services aim to drive better business outcomes for our clients by unlocking deep insights from data and creating data and AI-led solutions across all aspects of our clients' business. We provide care optimization and payment integrity services for our clients through our healthcare analytics solutions and services. We also offer integrated solutions to help our clients in cost containment by leveraging technology platforms, customizable and configurable analytics and expertise in healthcare reimbursements to help clients enhance their claim payment accuracy. Our Analytics teams deliver predictive and prescriptive analytics in the areas of customer acquisition and life cycle management, risk underwriting and pricing, operational effectiveness, credit and operational risk monitoring and governance, regulatory reporting and data management. We enhance, modernize and enrich structured and unstructured data and use a spectrum of advanced analytical tools and techniques, including our in-house and third-party AI, generative AI, and ML capabilities and proprietary solutions to create insights, improve decision making for our clients and address a range of complex industry-wide priorities. We actively cross-sell and, where appropriate, integrate our analytics services with other digital operations and solutions as part of a comprehensive offering for our clients. Our project-based analytics services are cyclical and can be significantly affected by variations in business cycles. In addition, our project-based analytics services are documented in contracts with terms generally not exceeding one year and may not produce ongoing or recurring business for us once the project is completed. These contracts also usually contain provisions permitting termination of the contract after a short notice period. The short-term nature and specificity of these projects could lead to fluctuations and uncertainties in the revenues generated from providing analytics services.

We anticipate that revenues from our analytics services will grow as we expand our offerings, client base and go-to-market strategy, both organically and through acquisitions.

Revenues

For fiscal 2024, we generated revenues of \$1,838.4 million compared to revenues of \$1,630.7 million for fiscal 2023, an increase of \$207.7 million, or 12.7%.

We serve clients mainly in the United States and the United Kingdom, with these two regions generating 82.6% and 11.7%, respectively, of our total revenues for fiscal 2024 and 84.1% and 10.9%, respectively, of our total revenues for fiscal 2023.

For fiscal 2024 and 2023, our total revenues from our top ten clients accounted for 33.2% and 34.0% of our total revenues, respectively. Although we continue to develop relationships with new clients to diversify our client base, we believe that the loss of any of our top ten clients could have a material adverse effect on our financial performance.

Cost of Revenues

Our cost of revenues primarily consists of:

- employee costs, which include salary, bonus and other compensation expenses; retirement benefits, recruitment and training costs; employee health and life insurance; transport; rewards and recognition for certain employees; and non-cash stock-based compensation expense; outsourced/subcontractors costs;
- costs relating to our facilities and communications network, which include telecommunication and IT costs; facilities and customer management support; operational expenses for our operations centers; lease cost; and
- other costs which primarily include travel and costs relating to our direct mail operations.

The most significant components of our cost of revenues are salaries and benefits (including stock-based compensation), retirement benefits, recruitment, training, transport, meals, rewards and recognition and employee health and life insurance. Salary levels, employee turnover rates and our ability to efficiently manage and utilize our employees significantly affect our cost of revenues. We make every effort to manage employee and capacity utilization and continuously monitor service levels and staffing requirements. Although we generally have been able to reallocate our employees as client demand has fluctuated, a contract termination or significant reduction in work assigned to us by a major client could cause us to experience a higher-than-expected number of unassigned employees, which would increase our cost of revenues as a percentage of revenues until we are able to reduce or reallocate our headcount. A significant increase in the turnover rate among our employees, particularly among the highly skilled workforce needed to execute certain services, would increase our recruiting and training costs and decrease our operating efficiency, productivity and profit margins. In addition, cost of revenues also includes non-cash amortization of stock-based compensation expense related to the grant of our equity awards to employees directly involved in providing services to our clients.

We expect our cost of revenues to continue to increase as we continue to add professionals in our operations centers globally to service additional business and as wages continue to increase globally. In particular, we expect recruitment and

training costs to continue to increase as we hire additional staff to service new clients and train existing staff to provide them with evolving skill sets. There is significant competition for professionals with skills necessary to perform the services we offer to our clients. As our existing competitors continue to grow, and as new competitors enter the market, we expect competition for skilled professionals in each of these areas to continue to increase, with corresponding increases in our cost of revenues to reflect increased compensation levels for such professionals. We also expect that we will continue to incur additional costs to monitor and improve operational efficiency of our hybrid working model, invest in information technology solutions, including adaption to evolving modes of seeking such solutions through cloud-based hosting arrangements and security measures to safeguard against information security risks. See Part I, Item 1A, “Risk Factors” under “Risks Related to Our Business—Employee wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin.” However, a significant portion of our client contracts include inflation-based adjustments to our billing rates year over year which partially offset such increase in cost of revenues.

We generally experience a higher cost of revenues as a percentage of revenues during the initial 12 to 18 months in a long-term digital operations and solutions contract due to upfront investments in infrastructure, resource hiring and training during migration. The cost of revenues as a percentage of revenues improves as we scale up, achieve operational efficiencies and complete the migration.

Operating Expenses

Selling, General and Administrative Expenses (“SG&A”)

Our General and Administrative expenses (“G&A”) comprise of expenses relating to salaries and benefits (including stock-based compensation), retirement benefits as well as costs related to recruitment, training and retention of senior management and other support personnel in enabling functions, telecommunications, utilities, travel and other miscellaneous administrative costs. G&A expenses also include acquisition-related costs, legal and professional fees (which represent the costs of third party legal, tax, accounting, immigration and other advisors), litigation claims, cost of technology solutions sought through evolving modes of cloud-based hosting arrangements, investment in product development, AI and other digital technologies, bad debt allowance and stock-based compensation expenses related to grant of our equity awards to members of our board of directors. We expect our G&A costs to increase as we continue to strengthen our support and enabling functions and invest in leadership development, performance management and training programs.

Selling and marketing expenses primarily consist of salaries and benefits (including stock-based compensation), retirement benefits and other compensation expenses of sales and marketing and client management personnel, sales commission, travel and brand building, client events and conferences. We expect that sales and marketing expenses will continue to increase as we invest in our sales and client management functions to better serve our clients and in our branding.

Depreciation and Amortization Expense

Depreciation and amortization expense pertains to depreciation of our property and equipment, including network equipment, cabling, computers, office furniture and equipment, motor vehicles and leasehold improvements and amortization of intangible assets acquired in business combinations. As part of our ongoing evaluation of our business needs, we continually optimize our operations centers and expect depreciation to decrease on assets related to operations centers, such as office furniture and equipment and leasehold improvements. As our business continues to expand, we expect additional investments in digital technologies and equipment, including laptops, desktop computers, servers and other infrastructure, and increased reliance on hybrid working model, we expect increases in depreciation on assets-related to such investments. Property and equipment, if evaluated as being used differently than as originally intended are assessed for revision of their useful life, thereby revising their future depreciation to reflect the actual use of such property and equipment over the remaining shortened life. We expect amortization of intangible assets to increase further as we pursue strategic relationships and acquisitions.

Foreign Exchange Gain, Net

We report our financial results in U.S. dollars.

Our revenues are primarily denominated in the U.S. dollar, however, a portion of our revenues are earned in the U.K. pound sterling representing 10.7% and 10.1% of our total revenues in fiscal 2024 and 2023, respectively. We also incur a significant portion of our expenses in the Indian rupee, the Philippine peso, the South African rand and the U.K. pound sterling, representing 29.7%, 8.2%, 3.5% and 2.8%, respectively, of our total expenses in fiscal 2024, compared to 28.5%, 8.2%, 2.0% and 3.1%, respectively, of our total expenses in fiscal 2023. The exchange rates among these currencies and the U.S. dollar have changed over the years and may fluctuate substantially in the future as well. The results of our operations could be substantially impacted as these currencies appreciate or depreciate against the U.S. dollar. See Part I, Item 1A, “Risk Factors” under “Risks Related to the International Nature of Our Business—Currency exchange rate fluctuations in the various

currencies in which we do business, or the failure of our hedging strategies to mitigate such fluctuations, could have a material adverse effect on our results of operations,” as well as Note 2 - Summary of Significant Accounting Policies and Note 17 - Derivatives and Hedge Accounting to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” and Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk-Components of Market Risk-Foreign Currency Risk.”

Interest Expense

Interest expense primarily consist of interest on our borrowings under our revolving credit facility, term loan facility and convertible senior notes, finance leases and notional interest implicit in the purchase of property and equipment.

Other Income/(Expense), Net

Other income/(expense), net primarily consists of gain/(loss) on sale and mark-to-market, dividend income and interest income on our short-term and long-term investments, cash equivalents, as applicable. Other income/(expense), net also consists of changes in fair value of contingent consideration related to business combinations, interest on refunds received from income tax authorities in India on completion of tax assessments, profit or loss on disposal of long-lived assets and components of net periodic benefit cost such as interest cost, expected return on plan assets and amortization of actuarial gain or loss.

Income Taxes

We are subject to taxes in the countries we operate in. Our future tax liabilities could be adversely affected by any new unfavorable tax legislative and other changes in such countries. We continuously monitor such changes to assess and quantify the potential impacts on our consolidated financial statements.

We periodically evaluate opportunities to distribute cash among our group entities to fund our operations in the United States and other countries, and as and when we decide to distribute, we may have to accrue additional taxes in accordance with local tax laws, rules and regulations in the relevant foreign jurisdictions.

We recognize deferred tax assets and liabilities for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. We determine if a valuation allowance is required on the basis of an assessment of whether it is more likely than not that a deferred tax asset will be realized.

We currently benefit from corporate tax holidays in our qualified Philippines Economic Zone Authority operations centers in the Philippines. Our ability to utilize these tax holidays could be adversely affected by any new unfavorable tax legislative changes. We continuously monitor such changes to assess and quantify any potential impacts on our consolidated financial statements.

In October 2021, the Organization for Economic Co-operation and Development (“OECD”) introduced Pillar Two Framework imposing a global minimum tax rate of 15%. We have determined that the impact of the Pillar Two Framework did not have material impact on our consolidated financial statements.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon the consolidated financial statements included in this Annual Report on Form 10-K, which have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). A summary of our significant accounting policies is included in Note 2 - Summary of Significant Accounting Policies to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data.”

We consider the policies discussed below to be critical to an understanding of our consolidated financial statements, as their application places the most significant demands on management’s judgment regarding matters that are inherently uncertain at the time an estimate is made.

These policies include revenue recognition, allowance for expected credit losses, business combinations and goodwill, stock-based compensation, income taxes, employee benefits, and contingencies.

These accounting policies, estimates and the associated risks are set out below. Future events may not develop exactly as forecasted and estimates routinely require adjustment.

Revenue Recognition

Revenue is recognized when services are provided to our customers, in an amount that reflects the consideration which we expect to be entitled to in exchange for the services provided. We recognize revenue when we satisfy a performance obligation by providing services to a customer.

Revenue is measured based on consideration specified in a contract with a customer and excludes value added tax, business tax, any applicable discounts and amounts collected on behalf of third parties. Reimbursements of out-of-pocket expenses are included as a part of revenue.

Significant judgments

Arrangements with Multiple Performance Obligations

We sometimes enter into contracts with our customers which include promises to transfer multiple products and services to the customer. Determining whether products and services are considered as distinct performance obligations that should be accounted for separately rather than as one performance obligation may require significant judgment. The transaction price is allocated to performance obligations on relative standalone selling price basis.

Judgment is also required to determine the standalone selling price for each distinct performance obligation. In instances where the standalone selling price is not directly observable, it is determined using information that may include market conditions and other observable inputs.

The contracts with our customers may be modified to add, remove or change existing performance obligations, which requires judgment to evaluate and determine whether such performance obligations are to be accounted for on a prospective basis as a separate contract or as a termination of an existing contract and creation of a new contract.

Variable Consideration

Variability in the transaction price arises primarily due to service level agreements, volume discounts entailing variability in revenue earned, and contracts under our payment integrity services whereby variability in revenue is attributable to the amount we enable our customers to recover.

We consider our historical experience, including trends with similar transactions and expectations regarding the contract in estimating the amount of variable consideration that should be recognized during a period.

We believe that the expected value method is most appropriate for determining the variable consideration since we have a large number of contracts with similar nature of transactions/services.

Type of Contracts Requiring Judgment

Revenues from payment integrity services having contingent fee arrangements are recognized by us at the point in time when a performance obligation is satisfied, which is when we identify an overpayment claim. In such contracts, our consideration is contingent upon the actual collections made by our customers and net of any subsequent retraction claims. Based on guidance on “variable consideration” in Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC Topic 606”), we use our historical experience and projections to determine the expected recoveries from our customers and recognize revenue based upon such expected recoveries. Any adjustment required due to change in estimates are recorded in the period in which such change is identified. The estimated amount of revenue to be collected from our customers are presented as contract assets within “Other Current Assets”.

Allowance for Expected Credit Losses

We record accounts receivable net of allowances for expected credit losses. Allowances for credit losses are established through the evaluation of aging of accounts receivables, prior collection experience, current market conditions, forecasts about future economic conditions, customers’ financial condition and the amount of accounts receivable in dispute to estimate the collectability of these accounts receivable. Accounts receivable balances are written-off against the allowance for expected credit losses after all means of collection have been exhausted and the potential for recovery is considered remote.

Business Combinations and Goodwill

We account for all business combinations using the acquisition method of accounting as prescribed by ASC Topic 805, *Business Combinations*. The guidance requires the use of significant estimates and assumptions in determining the fair value of identifiable assets acquired and liabilities assumed, including intangible assets and contingent consideration, and allocation of

purchase price over such assets and liabilities on the acquisition date. The significant estimates and assumptions include, but are not limited to, the timing and amount of future revenue and cash flows based on, among other things, discount rate reflecting the risk inherent in future cash flows, customer attrition rates and the long-term growth rate applied within the discounted cash flow model. This requires a high degree of our judgment and the need to involve fair value specialists to evaluate the reasonableness of our valuation methodology and the selection of inputs to the valuation.

In addition, assets acquired and liabilities assumed including uncertain tax positions and tax-related valuation allowances in connection with business combinations are initially estimated as of the acquisition date. We subsequently re-evaluate the assets acquired and liabilities assumed, including additional assets and liabilities identified subsequent to acquisition date, with any adjustments to our preliminary estimates being recorded to goodwill within the measurement period (up to one year from the acquisition date).

We also perform a quantitative assessment of goodwill impairment, if based on the qualitative factors, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The significant estimates and assumptions include, the timing and amount of future revenue and cash flows, discount rate reflecting the risk inherent in future cash flows and the long-term growth rate applied within the discounted cash flow model. If based on the quantitative impairment analysis, the carrying value of the goodwill of a reporting unit exceeds the fair value of such goodwill, an impairment loss is recognized in an amount equal to the excess, limited to the total amount of goodwill allocated to that reporting unit.

Stock-Based Compensation

Under the fair value recognition provisions of ASC Topic 718, *Compensation-Stock Compensation*, cost is measured at the grant date based on the fair value of the award and is amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

Determining the fair value of stock-based awards at the grant date requires significant judgment, including estimating the expected term over which the stock awards will be outstanding before they are exercised and the expected volatility of our stock.

We grant performance-based restricted stock units (“PRSUs”) to executive officers and other specified employees. Generally, we grant PRSUs cliff vest based on an aggregated revenue target (“PUs”) for a three-year period, while grants based on market conditions (“MUs”) are contingent on meeting or exceeding the total shareholder return relative to a group of peer companies specified under our 2018 Omnibus Incentive Plan (the “2018 Plan”), and are measured over a three-year performance period.

The fair value of each PU is determined based on the market price of one share of our common stock on the day prior to the date of grant. The grant date fair value for the MUs is determined using a Monte Carlo simulation model. The Monte Carlo simulation model simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. The Monte Carlo simulation model also involves the use of additional key assumptions, including dividend yield and risk-free interest rate. We periodically assess the reasonableness of our assumptions and update our estimates as required. If actual results differ significantly from our estimates, stock-based compensation expense and our results of operations could be materially affected.

Stock-based compensation expense associated with our 2022 Employee Stock Purchase Plan is measured at fair-value using a Black-Scholes option-pricing model at commencement of each offering period and recognized over that offering period.

Income Taxes

We account for income tax using the asset and liability method. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized in respect of future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses carried forward, if any. Deferred tax assets and liabilities are measured using the anticipated tax rates for the years in which such temporary differences are expected to be recovered or settled. We recognize the effect of a change in tax rates on deferred tax assets and liabilities during the period in which the new tax rate was enacted or the change in tax status was filed or approved. Deferred tax assets are recognized in full, subject to a valuation allowance that reduces the amount recognized to that which is more likely than not to be realized. In assessing the likelihood of realization, we consider all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of tax planning strategies. With respect to any entity that benefits from a corporate tax holiday, deferred tax assets or liabilities for existing temporary differences are recorded only to the extent such temporary differences are expected to reverse following the expiration of the tax holiday.

We also evaluate potential exposures related to tax contingencies or claims made by the tax authorities in various jurisdictions in order to determine whether a reserve may be required. A reserve is recorded if we believe that a loss is more likely than not, and if the amount of such loss can be reasonably estimated. Such reserves are based on estimates and, consequently, are subject to changing facts and circumstances, including the progress of ongoing audits, changes in case law and the passage of new legislation. We have established adequate reserves to cover any potential tax contingencies or claims.

ASC Topic 740, *Income Taxes*, requires companies to recognize, measure, present and disclose uncertain tax positions. We employ a two-step process for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will, more likely than not, be sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is more likely than not to be realized upon settlement. We have established adequate reserves to cover all uncertain tax positions.

Employee Benefits

We record contributions to defined contribution plans in our consolidated statements of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are recognized in the period to which they relate. The liability in respect of defined benefit plans is calculated annually by using the projected unit credit method and various actuarial assumptions including discount rates, mortality, expected return on assets, expected increase in the compensation rates and attrition rates. We evaluate these critical assumptions at least annually. If actual results differ significantly from our estimates, current service costs for defined benefit plans and our results of operations could be materially impacted.

Contingencies

Loss contingencies are recorded as liabilities when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, we do not record a liability, but instead disclose the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Significant judgment is required in the determination of both probability and whether an exposure is reasonably estimable. Our judgments are subjective and based on the information available from the status of the legal or regulatory proceedings, the merits of our defenses and consultation with in-house and outside legal counsel. As additional information becomes available, we reassess any potential liability related to any pending litigation and may revise our estimates. Such revisions in estimates of any potential liabilities could have a material impact on our results of operations, financial position and cash flows.

Results of Operations

For a discussion of our results of operations for fiscal 2022, including a year-to-year comparison between fiscal 2023 and 2022, refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for fiscal 2023, filed with the SEC on February 29, 2024.

The following table summarizes our results of operations:

(dollars in millions)

	Fiscal 2024 (A)	Percentage of Revenues, net	Fiscal 2023 (B)	Percentage of Revenues, net	Dollar Change (C=A-B)	Percentage Change
Revenues, net	\$ 1,838.4	100.0 %	\$ 1,630.7	100.0 %	\$ 207.7	12.7 %
Cost of revenues ⁽¹⁾	1,147.4	62.4 %	1,022.9	62.7 %	124.5	12.2 %
Gross profit ⁽¹⁾	691.0	37.6 %	607.8	37.3 %	83.2	13.7 %
Operating expenses:						
General and administrative expenses	225.7	12.3 %	198.3	12.2 %	27.4	13.8 %
Selling and marketing expenses	146.5	8.0 %	120.2	7.3 %	26.3	21.9 %
Depreciation and amortization expense	55.2	3.0 %	50.5	3.1 %	4.7	9.3 %
Total operating expenses	427.4	23.2 %	369.0	22.6 %	58.4	15.8 %
Income from operations	263.6	14.3 %	238.8	14.6 %	24.8	10.4 %
Foreign exchange gain, net	0.9	— %	1.5	0.1 %	(0.6)	(40.0) %
Interest expense	(19.3)	(1.0) %	(13.2)	(0.8) %	(6.1)	46.2 %
Other income, net	16.1	0.9 %	10.8	0.7 %	5.3	49.1 %
Income before income tax expense and earnings from equity affiliates	261.3	14.2 %	237.9	14.6 %	23.4	9.8 %
Income tax expense	62.9	3.4 %	53.5	3.3 %	9.4	17.6 %
Income before earnings from equity affiliates	198.4	10.8 %	184.4	11.3 %	14.0	7.6 %
Gain/(loss) from equity-method investment	(0.1)	— %	0.2	— %	(0.3)	(150.0) %
Net income	\$ 198.3	10.8 %	\$ 184.6	11.3 %	\$ 13.7	7.4 %

(1) Exclusive of depreciation and amortization expense.

Due to rounding, the numbers presented in the tables included in this Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” may not add up precisely to the totals provided.

Fiscal 2024 Compared to Fiscal 2023

Revenues.

The following table summarizes our revenues by reportable segments:

	Fiscal		Dollar Change	Percentage change	Percentage of Total Revenues for Fiscal	
	2024	2023			2024	2023
	(dollars in millions)					
Insurance	\$ 614.0	\$ 529.9	\$ 84.1	15.9 %	33.4 %	32.5 %
Healthcare	116.4	106.0	10.4	9.8 %	6.3 %	6.5 %
Emerging Business	311.7	265.7	46.0	17.3 %	17.0 %	16.3 %
Analytics	796.3	729.1	67.2	9.2 %	43.3 %	44.7 %
Total revenues, net	\$ 1,838.4	\$ 1,630.7	\$ 207.7	12.7 %	100.0 %	100.0 %

Revenues for fiscal 2024 were up by \$207.7 million, or 12.7%, compared to fiscal 2023, driven primarily by revenue growth from our new and existing clients in all of our reportable segments.

Revenue growth in Insurance of \$84.1 million from fiscal 2023, was primarily driven by expansion of business from our new and existing clients during fiscal 2024.

Revenue growth in Healthcare of \$10.4 million from fiscal 2023, was primarily driven by expansion of business from our existing clients during fiscal 2024.

Revenue growth in Emerging Business of \$46.0 million from fiscal 2023 was primarily driven by expansion of business from our new and existing clients of \$45.4 million and an increase in revenues of \$0.6 million that was mainly attributable to the appreciation of the U.K. pound sterling against the U.S. dollar during fiscal 2024.

Revenue growth in Analytics of \$67.2 million from fiscal 2023 was primarily driven by higher volumes in our annuity and project-based engagements from our new and existing clients of \$66.5 million, including incremental revenue from our August 2024 acquisition of ITI Data and an increase in revenues of \$0.7 million that was mainly attributable to the appreciation of the U.K. pound sterling against the U.S. dollar during fiscal 2024.

Cost of Revenues and Gross Margin: The following table sets forth cost of revenues and gross margin of our reportable segments:

	Cost of Revenues				Gross Margin		
	Fiscal		Dollar Change	Percentage change	Fiscal		Percentage change
2024	2023	2024			2023		
	(dollars in millions)						
Insurance	\$ 390.4	\$ 341.8	\$ 48.6	14.2 %	36.4 %	35.5 %	0.9 %
Healthcare	77.9	69.3	8.6	12.5 %	33.0 %	34.6 %	(1.6)%
Emerging Business	181.4	150.9	30.5	20.2 %	41.8 %	43.2 %	(1.4)%
Analytics	497.7	460.9	36.8	8.0 %	37.5 %	36.8 %	0.7 %
Total	\$ 1,147.4	\$ 1,022.9	\$ 124.5	12.2 %	37.6 %	37.3 %	0.3 %

Cost of revenues for fiscal 2024 increased by \$124.5 million, or 12.2% compared to fiscal 2023. The increase in cost of revenues was primarily due to increases in employee-related costs including restructuring costs and technology costs, partially offset by foreign exchange gain, net of hedging. See Note 26 – Restructuring Costs to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data.” Our gross margin for fiscal 2024 was 37.6% compared to 37.3% for fiscal 2023, an increase of 30 basis points (“bps”).

The increase in cost of revenues in Insurance of \$48.6 million from fiscal 2023 was primarily due to increases in employee-related costs of \$42.3 million on account of higher headcount, restructuring costs and wage inflation, higher technology costs of \$4.8 million on account of increased subscription to cloud-based software licenses and our continued investments in our hybrid working model, higher facilities costs of \$3.9 million and higher other operating costs of

\$3.1 million, partially offset by foreign exchange gain, net of hedging of \$5.5 million. Gross margin in Insurance increased by 90 bps from fiscal 2023, primarily due to operational efficiencies during fiscal 2024.

The increase in cost of revenues in Healthcare of \$8.6 million from fiscal 2023 was primarily due to increases in employee-related costs of \$9.0 million on account of higher headcount and wage inflation, and higher technology costs of \$1.3 million on account of increased subscription to cloud-based software licenses and use of the hybrid working model, partially offset by foreign exchange gain, net of hedging of \$1.7 million. Gross margin in Healthcare decreased by 160 bps from fiscal 2023, primarily due to ramp-ups for certain existing clients during fiscal 2024.

The increase in cost of revenues in Emerging Business of \$30.5 million from fiscal 2023 was primarily due to increases in employee-related costs of \$28.6 million on account of higher headcount, restructuring costs and wage inflation, higher technology costs of \$3.0 million on account of increased subscription to cloud-based software licenses and use of the hybrid working model and higher other operating costs \$2.0 million, partially offset by foreign exchange gain, net of hedging of \$3.1 million. Gross margin in Emerging Business decreased by 140 bps from fiscal 2023, primarily due to ramp-ups for certain existing clients during fiscal 2024.

The increase in cost of revenues in Analytics of \$36.8 million from fiscal 2023 was primarily due to increases in employee-related costs of \$34.8 million on account of higher headcount, restructuring costs and wage inflation, including incremental cost related to our August 2024 acquisition of ITI Data and higher technology costs of \$8.6 million on account of increased subscription to cloud-based software licenses and use of the hybrid working model, partially offset by lower other operating costs \$4.2 million and foreign exchange gain, net of hedging of \$2.4 million. Gross margin in Analytics increased by 70 bps from fiscal 2023, primarily due to higher revenues and operational efficiencies, partially offset by impact of restructuring costs of 40 bps during fiscal 2024.

Selling, General and Administrative (“SG&A”) Expenses.

	Fiscal		Dollar Change	Percentage change
	2024	2023		
	(dollars in millions)			
General and administrative expenses	\$ 225.7	\$ 198.3	\$ 27.4	13.8 %
Selling and marketing expenses	146.5	120.2	26.3	21.9 %
Selling, general and administrative expenses	\$ 372.2	\$ 318.5	\$ 53.7	16.8 %

The increase in SG&A expenses of \$53.7 million from fiscal 2023 was primarily due to higher employee-related costs of \$34.2 million on account of higher headcount and wage inflation, including incremental costs related to our August 2024 acquisition of ITI Data, higher investments in digital and generative AI capabilities of \$13.2 million, higher sales and marketing spend of \$1.9 million, restructuring costs, litigation settlement costs and associated legal fees of \$3.1 million and higher other operating costs of \$2.7 million. This increase in SG&A expenses was partially offset by foreign exchange gain, net of hedging of \$1.4 million during fiscal 2024, compared to fiscal 2023.

Depreciation and Amortization.

	Fiscal		Dollar Change	Percentage change
	2024	2023		
	(dollars in millions)			
Depreciation expense	\$ 41.6	\$ 35.8	\$ 5.8	16.1 %
Intangible amortization expense	13.6	14.7	(1.1)	(7.1)%
Depreciation and amortization expense	\$ 55.2	\$ 50.5	\$ 4.7	9.4 %

The increase in depreciation expense of \$5.8 million from fiscal 2023 was primarily due to investments in digital capabilities, computers and networking equipment during fiscal 2024. The decrease in intangibles amortization expense of \$1.1 million was primarily due to end of useful lives for certain intangible assets, partially offset by amortization of intangibles associated with our acquisition of ITI Data in August 2024 during fiscal 2024, compared to fiscal 2023.

Income from Operations. Income from operations increased by \$24.8 million, or 10.4%, from \$238.8 million for fiscal 2023 to \$263.6 million for fiscal 2024, primarily due to higher revenues and higher gross margins, partially offset by higher SG&A expenses during fiscal 2024.

Foreign Exchange Gain, net. Foreign exchange gains and losses are primarily attributable to the movement of the U.S. dollar against the Indian rupee, the Philippine peso, the U.K. pound sterling and the South African rand during fiscal 2024, compared to fiscal 2023. The average exchange rate of the U.S. dollar against the Indian rupee increased from 82.60 during fiscal 2023 to 83.76 during fiscal 2024. The average exchange rate of the U.S. dollar against the Philippine peso increased from 55.56 during fiscal 2023 to 57.39 during fiscal 2024. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.25 during fiscal 2023 to 1.28 during fiscal 2024. The average exchange rate of the U.S. dollar against the South African rand decreased from 18.51 during fiscal 2023 to 18.35 during fiscal 2024.

We recorded a foreign exchange gain, net of \$1.5 million for fiscal 2023 compared to a foreign exchange gain, net of \$0.9 million for fiscal 2024.

Interest expense. Interest expense increased from \$13.2 million for fiscal 2023 to \$19.3 million for fiscal 2024, primarily due to higher average borrowings during fiscal 2024, compared to fiscal 2023.

Other Income, net.

	Fiscal		Dollar Change	Percentage change
	2024	2023		
	(dollars in millions)			
Gain on sale and mark-to-market on investments	\$ 5.7	\$ 5.0	\$ 0.7	12.9 %
Interest and dividend income	9.9	8.0	1.9	23.6 %
Fair value changes of contingent consideration	0.6	(1.9)	2.5	(131.0)%
Others, net	(0.1)	(0.3)	0.2	(73.9)%
Other income, net	\$ 16.1	\$ 10.8	\$ 5.3	(100.0)%

Other income, net increased by \$5.3 million, from \$10.8 million for fiscal 2023 to \$16.1 million for fiscal 2024. The increase is primarily due to higher yield on our investments of \$2.6 million and net impact of \$2.5 million from changes in fair value of contingent consideration related to our June 2022 acquisition of Inbound Media Group, LLC and December 2021 acquisition of Clairvoyant during fiscal 2024, compared to fiscal 2023.

Income Tax Expense. The effective tax rate increased from 22.5% for fiscal 2023 to 24.1% for fiscal 2024. We recorded income tax expense of \$62.9 million and \$53.5 million for fiscal 2024 and 2023, respectively. The increase in income tax expense was primarily as a result of higher profit, increase in non-deductible expenses and lower excess tax benefits related to stock-based compensation, partially offset by decrease in foreign tax rate differential during fiscal 2024, compared to fiscal 2023.

Net Income. Net income increased from \$184.6 million for fiscal 2023 to \$198.3 million for fiscal 2024, primarily due to increase in income from operations of \$24.8 million and higher other income, net of \$5.3 million, partially offset by higher interest expense of \$6.1 million, lower foreign exchange gain, net of \$0.6 million and higher income tax expense of \$9.4 million.

Liquidity and Capital Resources

	Fiscal			
	2024	2023	Dollar Change	Percentage Change
	(dollars in millions)			
Opening cash, cash equivalents and restricted cash	\$ 145.4	\$ 125.6	\$ 19.8	15.7 %
Net cash provided by operating activities	268.5	211.2	57.3	27.1 %
Net cash used for investing activities	(119.1)	(12.0)	(107.1)	892.7 %
Net cash used for financing activities	(119.1)	(181.4)	62.3	(34.4)%
Effect of exchange rate changes	(4.3)	2.0	(6.3)	(313.3)%
Closing cash, cash equivalents and restricted cash	<u>\$ 171.4</u>	<u>\$ 145.4</u>	<u>\$ 26.0</u>	<u>17.9 %</u>

As of December 31, 2024 and 2023, we had \$340.6 million and \$290.8 million, respectively, in cash, cash equivalents and short-term investments, of which \$296.0 million and \$237.7 million, respectively, is located in foreign jurisdictions that upon distribution may be subject to withholding and other taxes. We periodically evaluate opportunities to distribute cash among our group entities to fund our operations, expand our business and make strategic acquisitions in the United States and other geographies, and as and when we decide to distribute, we may have to accrue additional taxes in accordance with local tax laws, rules and regulations in the relevant foreign jurisdictions. During 2024, some of our foreign subsidiaries repatriated \$38.2 million (net of \$2.6 million withholding taxes) to the United States.

Operating Activities:

Net cash provided by operating activities was \$268.5 million for fiscal 2024, compared to \$211.2 million for fiscal 2023, reflecting higher cash earnings, partially offset by higher working capital needs. The major drivers contributing to the increase of \$57.3 million year-over-year included the following:

- Increase in cash earnings, including adjustments for non-cash and other items contributed higher cash flow of \$18.0 million for fiscal 2024, compared to fiscal 2023. These adjustments include fair value changes in investments, unrealized foreign currency exchange gain, deferred tax effects, stock-based employee compensation, fair value changes in contingent consideration, depreciation and amortization of long-lived assets and intangibles acquired in business combinations, among others.
- Changes in accounts receivable, including advance billings, contributed higher cash flow of \$61.8 million for fiscal 2024, compared to fiscal 2023. Collections in accounts receivable, including advance billings was driven by revenue growth for fiscal 2024. Our days sales outstanding were 62 days as of December 31, 2024, compared to 64 days as of December 31, 2023.
- Payment of contingent consideration related to our December 2021 acquisition of Clairvoyant contributed to a higher cash payout of \$11.0 million for fiscal 2024, compared to fiscal 2023.
- Changes in other assets, accounts payables including other liabilities contributed higher cash payout of \$11.5 million for fiscal 2024, compared to fiscal 2023.

Investing Activities: Cash used for investing activities were \$119.1 million for fiscal 2024, compared to \$12.0 million for fiscal 2023. The increase in cash used for investing activities of \$107.1 million year-over-year is primarily due to higher net purchase of investments of \$88.8 million and net cash used for business acquisition of \$24.3 million for fiscal 2024, compared to fiscal 2023. This was partially offset by lower capital expenditures in infrastructure, technology assets, software and product developments of \$6.5 million for fiscal 2024, compared to fiscal 2023.

Financing Activities: Cash used for financing activities were \$119.1 million for fiscal 2024, compared to \$181.4 million for fiscal 2023. The decrease in cash used for financing activities of \$62.3 million year-over-year was primarily due to net proceeds from borrowings under our revolving credit facility and new term loan facility of \$88.8 million for fiscal 2024, compared to net repayment of our borrowings of \$50.0 million for fiscal 2023. The increase was also due to higher purchases of treasury stock of \$76.1 million under our share repurchase program for fiscal 2024, compared to fiscal 2023.

We expect to use cash from operating activities to maintain and expand our business by making investments, primarily related to building new digital capabilities, including AI, infrastructure and purchase telecommunications equipment and computer hardware and software in connection with managing client operations.

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We incurred \$46.3 million of capital expenditures during fiscal 2024. We expect to incur total capital expenditures of between \$50 million to \$55 million in fiscal 2025, primarily to meet our growth requirements, including additions to our facilities and infrastructure, as well as investments in technology applications, product development and other, digital technologies.

In connection with any tax assessment orders that have been issued, or may be issued against us or our subsidiaries, we may be required to deposit additional amounts with the relevant authorities with respect to such assessment orders. See Note 25 - Commitments and Contingencies to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” for further details.

We believe that our existing cash, cash equivalents and short-term investments and sources of liquidity will be sufficient to satisfy our short-term cash requirements. Our future cash requirements will depend on many factors, including our rate of revenue growth, our investments in strategic initiatives like acquisition of complementary businesses, capital expenditures and continued stock repurchases under our board-authorized stock repurchase program, which may require the use of significant cash resources and/or additional financing. We anticipate that we will continue to rely upon cash from operating activities to finance most of our above-mentioned requirements, although if we have significant growth through acquisitions, we may need to obtain additional financing.

In the ordinary course of business, we enter into contracts and commitments that obligate us to make payments in the future. These obligations include borrowings, including interest obligations, purchase commitments, operating and finance lease commitments, employee benefit payments under gratuity plans, payments for contingent consideration and uncertain tax positions. See Note 16 - Fair Value Measurements - Fair Value of Contingent Consideration, Note 18 - Borrowings, Note 20 - Employee Benefit Plans, Note 21 - Leases, Note 22 - Income Taxes and Note 25 - Commitments and Contingencies to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” for further information on material cash requirements from known contractual and other obligations.

In the ordinary course of business, we provide standby letters of credit to third parties primarily for facility leases. As of December 31, 2024 and 2023, we had outstanding letters of credit of \$0.8 million and \$0.5 million, respectively, that were not recognized in our consolidated balance sheets. These are unlikely to have, a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We had no other off-balance sheet arrangements or obligations.

Financing Arrangements

The following table summarizes our debt position:

	As of					
	December 31, 2024			December 31, 2023		
	Revolving credit facility	Term loan facility	Total	Revolving credit facility	Term loan facility	Total
Current portion of long-term borrowings	\$ —	\$ 5.0	\$ 5.0	\$ 65.0	\$ —	\$ 65.0
Unamortized debt issuance costs	—	(0.1)	(0.1)	—	—	—
Total current portion of long-term borrowings	—	4.9	4.9	65.0	—	65.0
Long-term borrowings	190.0	93.8	283.8	135.0	—	135.0
Unamortized debt issuance costs	—	(0.2)	(0.2)	—	—	—
Total long-term borrowings	190.0	93.6	283.6	135.0	—	135.0
Total borrowings	<u>\$ 190.0</u>	<u>\$ 98.5</u>	<u>\$ 288.5</u>	<u>\$ 200.0</u>	<u>\$ —</u>	<u>\$ 200.0</u>

Credit Agreement

We held a \$300.0 million revolving credit facility pursuant to our credit agreement (the “Credit Agreement”), dated as of November 21, 2017, with certain lenders and Citibank N.A. as Administrative Agent, which was amended and restated on April 18, 2022 (the “2022 Credit Agreement”). Among other things, the 2022 Credit Agreement (a) provides for the issuance of new revolving credit commitments such that the aggregate amount of revolving credit commitments available as of April 18, 2022 is equal to \$400.0 million; and (b) extends the maturity date of the revolving credit facility from November 21, 2022 to April 18, 2027.

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On August 9, 2024, we and each of our wholly owned material domestic subsidiaries entered into a First Amendment to Amended and Restated Credit Agreement with Citibank, N.A., as Administrative Agent, and certain lenders (the “2024 Credit Agreement”), pursuant to which the parties thereto amended and restated the 2022 Credit Agreement. Among other things, the 2024 Credit Agreement (a) provides for a \$100.0 million increase to the revolving credit commitments such that the aggregate amount of revolving credit commitments available as of August 9, 2024 is equal to \$500.0 million; and (b) provides for the issuance of a new term loan facility in the aggregate amount of \$100.0 million with an annual prepayment amount of 5%. The increased revolving credit facility and the new term loan facility both mature on April 18, 2027.

The 2024 Credit Agreement includes a letter of credit sub facility and is voluntarily pre-payable from time to time without premium or penalty. Borrowings under the revolving credit facility can be used for working capital and general corporate purposes, including permitted acquisitions. Borrowings of \$100.0 million under the term loan facility (which was drawn based on adjusted SOFR) were used to repay the borrowings outstanding under the revolving credit facility on August 9, 2024.

Obligations under the 2024 Credit Agreement are guaranteed by our wholly-owned material domestic subsidiaries and are secured by all or substantially all of our and our material domestic subsidiaries’ assets. The 2024 Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on the ability to incur indebtedness, create liens, make certain investments, make certain dividends and distributions, enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions and dispose of certain assets or subsidiaries. In addition, the 2024 Credit Agreement contains a covenant to not permit the interest coverage ratio or the total net leverage ratio for the four consecutive quarter period ending on the last day of each fiscal quarter, to be less than 3.0 to 1.0 or more than 3.5 to 1.0, respectively.

The 2024 Credit Agreement bears interest at a rate equal to specified prime rate (alternate base rate) or adjusted SOFR, plus, in each case, an applicable margin. The applicable margin on the revolving credit facility is tied to our total net leverage ratio and ranges from 0% to 0.75% per annum on loans pegged to the specified prime rate, and 0.875% to 1.75% per annum on loans pegged to the adjusted SOFR. The applicable margin on the term loan facility is also tied to our total net leverage ratio and ranges from 0.125% to 1.00% per annum on loans pegged to the specified prime rate, and 1.125% to 2.00% per annum on loans pegged to the adjusted SOFR. The revolving credit commitments under the 2024 Credit Agreement are subject to a commitment fee which is also tied to our total net leverage ratio, and ranges from 0.125% to 0.275% per annum on the average daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations.

The effective interest rates of the revolving credit facility and the term loan facility are as follows:

	Year ended December 31,	
	2024	2023
Revolving credit facility	6.3 %	6.3 %
Term loan facility	6.5 %	—

As of December 31, 2024 and 2023, we were in compliance with the financial covenants under the 2024 Credit Agreement.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note 2 - Summary of Significant Accounting Policies - Recent Accounting Pronouncements to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data.”

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

General

Market risk is the volatility of future earnings and cash flows that may result from changes in interest rates and foreign currency exchange rates. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables.

Our exposure to market risk is a function of our expenses and revenue generating activities in foreign currencies. The objective of market risk management is to avoid excessive exposure to our earnings and equity of such market driven losses. We manage market risk through our treasury operations using financial instruments. Our senior management and our board of directors approve our treasury operations' objectives and policies. The responsibilities of our treasury operations include management of cash resources, including borrowing strategies, implementing hedging strategies for foreign currency exposures, and ensuring compliance with market risk limits and policies.

Components of Market Risk

Foreign Currency Risk. We are exposed to foreign currency exchange rate risk. Our revenues are primarily denominated in the U.S. dollar representing 85.1% of our total revenues and the U.K. pound sterling representing 10.7% of our total revenues for fiscal 2024. A significant portion of our expenses are incurred in the Indian rupee, the Philippine peso, the South African rand and the U.K. pound sterling, representing 29.7%, 8.2%, 3.5% and 2.8%, respectively, of our total expenses for fiscal 2024. We also incur expenses in the U.S. dollar and currencies of other countries where we have operations. The exchange rates among the Indian rupee, the Philippine peso, the U.K. pound sterling and the U.S. dollar have fluctuated within the fiscal 2024, over the recent years and may fluctuate in the future.

Our foreign currency exchange rate risk primarily arises from our foreign currency revenues, expenses incurred by our subsidiaries, including foreign subsidiaries in foreign currencies and foreign currency accounts receivable and payable. The average exchange rate of the U.S. dollar against the Indian rupee increased from 82.60 for fiscal 2023 to 83.76 for fiscal 2024, representing a depreciation of 1.4% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso increased from 55.56 for fiscal 2023 to 57.39 for fiscal 2024, representing a depreciation of 3.3% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.25 for fiscal 2023 to 1.28 for fiscal 2024, representing an appreciation of 2.6% against the U.S. dollar. Based upon our level of operations for fiscal 2024 and excluding any hedging arrangements that we had in place during that period, a 10% appreciation/depreciation in the Indian rupee, the Philippine peso and the U.K. pound sterling against the U.S. dollar would have increased/decreased our revenues by approximately \$7.1 million, \$0.5 million and \$10.8 million, respectively and increased/decreased our expenses incurred by approximately \$46.8 million, \$12.9 million and \$4.5 million, respectively for fiscal 2024.

In order to mitigate our exposure to foreign currency fluctuation risks and minimize the earnings and cash flow volatility associated with forecasted transactions denominated in certain foreign currencies, we enter into foreign currency forward contracts designated as cash flow hedges. These contracts must be settled on the day of maturity or may be canceled subject to the receipts or payments of any gains or losses respectively, equal to the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We do not enter into foreign currency forward contracts for speculative or trading purposes. As such, we may not purchase adequate contracts to insulate ourselves from the foreign exchange currency risks. In addition, any such contracts may not perform effectively as a hedging mechanism. We may, in the future, make changes to our hedging policies, and have done so in the past. The principal foreign currencies that are hedged are the Indian rupee, the Philippine peso and the South African rand.

The impact related to these foreign currency forward contracts on earnings and/or cash flows is immaterial as the impact of the maturing cash flow hedges in respective periods are intended to primarily offset the foreign currency impact on the related expenses. Further, some of our client contracts include protection against foreign currency exchange rate fluctuations which minimizes the impact of volatility in the exchange rates on our operating results.

As of December 31, 2024 and 2023, we had outstanding cash flow hedges with notional amounts of \$984.3 million and \$722.8 million, respectively, with the maximum outstanding term of approximately 45 months and 42 months, respectively. The mark-to-market gain/(loss), net upon fair valuation of outstanding cash flow hedges as of December 31, 2024 and 2023 was \$(9.2) million and \$5.4 million, respectively, and is included in "Accumulated other comprehensive income/(loss)" on our consolidated balance sheets. For fiscal 2024 and 2023, we recognized \$0.6 million and \$5.7 million, respectively, as foreign exchange loss from maturing cash flow hedges, which was largely offset by the foreign exchange translation gain on the related expenses.

We also enter into foreign currency forward contracts from time to time to hedge our intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies, against the risk of fluctuations in foreign currency exchange rates associated with remeasurement of such assets and liabilities to functional currency. These foreign currency forward contracts do not qualify as fair value hedges under ASC Topic 815, *Derivatives and Hedging*. Changes in the fair value of these financial instruments are recognized in our consolidated statements of income and are included in “Foreign exchange gain, net.” These financial instruments mitigate balance sheet risk due to foreign currency exchange rate movements as gains and losses on the settlement of these financial instruments are intended to offset the revaluation gains and losses on the foreign currency denominated monetary assets and monetary liabilities being hedged. Foreign currency forward contracts with notional amounts of the U.S. dollar (USD) 178.9 million, the U.K. pound sterling (GBP) 21.0 million, the Euro (EUR) 9.0 million, South African rand (ZAR) 10.0 million and the Australian dollar (AUD) 4.8 million were outstanding as of December 31, 2024 compared to USD 170.5 million, GBP 14.5 million, EUR 5.2 million, ZAR 150.2 million and AUD 3.5 million outstanding as of December 31, 2023. The fair values of these financial instruments as of December 31, 2024 and 2023 were insignificant and are included in the “Foreign exchange gain, net” in our consolidated statements of income. As of December 31, 2024 and 2023, the outstanding derivative instruments had maturities of a maximum of 31 days, each.

Interest Rate Risk. We are also exposed to interest rate risk arising from our indebtedness. In order to mitigate our exposure to fluctuations in interest rates and minimize the earnings and cash flow volatility associated with floating rate indebtedness, we enter into interest rate swaps to hedge cash flow risks on our revolving credit facility having floating interest rate obligations. The swap transaction involves the exchange of fixed for floating interest payments. However, in circumstances where we believe additional fixed-rate debt would be beneficial, we may choose to terminate a previously executed swap, or swap certain floating interest payments to fixed.

As described in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” we held a \$300.0 million revolving credit facility and a letter of credit sub-facility pursuant to our Credit Agreement dated as of November 21, 2017, which was amended and restated on April 18, 2022 (the “2022 Credit Agreement”). On April 18, 2022, we entered into the 2022 Credit Agreement, that provides for a \$400.0 million revolving credit facility and a letter of credit sub-facility. On August 9, 2024, we entered into the 2024 Credit Agreement, that provides for a \$100.0 million increase to the revolving credit commitments such that the aggregate amount of revolving credit commitments available is now equal to \$500.0 million and provides for the issuance of a new term loan facility in the aggregate amount of \$100.0 million with an annual amortization of 5%. The increased credit facility and the new term loan facility both mature on April 18, 2027.

The 2024 Credit Agreement bears interest at a rate equal to specified prime rate (alternate base rate) or adjusted SOFR, plus, in each case, an applicable margin. The applicable margin on the revolving credit facility is tied to our total net leverage ratio and ranges from 0% to 0.75% per annum on loans pegged to the specified prime rate, and 0.875% to 1.75% per annum on loans pegged to the adjusted SOFR. The applicable margin on the term loan facility is also tied to our total net leverage ratio and ranges from 0.125% to 1.00% per annum on loans pegged to the specified prime rate, and 1.125% to 2.00% per annum on loans pegged to the adjusted SOFR. The revolving credit commitments under the 2024 Credit Agreement are subject to a commitment fee which is also tied to our total net leverage ratio, and ranges from 0.125% to 0.275% per annum on the average daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations. A 50 basis point increase or decrease in interest rates would have impacted our interest expense for fiscal 2024 by approximately \$1.8 million.

We manage a portion of our interest rate risk related to our revolving credit facility having variable interest rate obligations by entering into interest rate swaps under which we receive floating rate payments based on SOFR and make payments based on a fixed rate. As of December 31, 2024 and 2023, we had outstanding interest rate swaps having a notional amount of \$nil and \$75.0 million, respectively.

We had cash, cash equivalents and short-term investments totaling \$340.6 million and \$290.8 million as of December 31, 2024 and 2023, respectively. These amounts were invested principally in a short-term investment portfolio primarily comprised of highly-rated debt mutual funds, money market funds and time deposits. We do not make such investments for trading or speculative purposes. The cash and cash equivalents are held for potential acquisitions of complementary businesses or assets, capital expenditures, working capital requirements and general corporate purposes. We believe that we have no material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. The interest income from these funds is subject to fluctuations due to changes in interest rates. Declines in interest rates would reduce our future investment income. A 50 basis point increase or decrease in short term rates would have impacted our interest and dividend income for fiscal 2024 by approximately \$0.9 million.

Credit Risk. As of December 31, 2024 and 2023, we have accounts receivable, net \$304.3 million and \$308.1 million, respectively. We believe that our credit policies reflect normal industry terms and business risk. We do not anticipate non-performance by the counterparties and, accordingly, do not require collateral. Credit losses and write-offs of accounts receivable balances historically have not been material. No single client owed more than 10% of our accounts receivable, net as on December 31, 2024 and 2023.

ITEM 8. Financial Statements and Supplementary Data

The financial statements required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K. A list of the financial statements filed herewith can be found at Part IV, Item 15, “Exhibits and Financial Statement Schedules.”

ITEM 9. Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under 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 (“CEO”) and our Chief Financial Officer (“CFO”), to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 10-K, our management carried out an evaluation, under the supervision and with the participation of the CEO and CFO, of the effectiveness and operation of our disclosure controls and procedures as of December 31, 2024. Based upon that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures, as of December 31, 2024, were effective.

Management’s Responsibility for Financial Statements

Responsibility for the objectivity, integrity and presentation of the accompanying financial statements and other financial information presented in this report rests with our management. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”). The financial statements include amounts that are based on estimates and judgments which management believes are reasonable under the circumstances.

Deloitte & Touche LLP, an independent registered public accounting firm, has been retained to audit our consolidated financial statements and the effectiveness of our internal control over financial reporting. Its accompanying reports are based on audits conducted in accordance with the standards of the Public Company Accounting Oversight Board.

The Audit Committee of the board of directors is composed solely of independent directors and is responsible for recommending to the board of directors the independent public accounting firm to be retained for the coming year. The Audit Committee meets regularly and privately with the independent public accountants, with our internal auditors and with management to review accounting, auditing, internal control and financial reporting matters.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the U.S. The Company’s internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP;
- provide reasonable assurance that receipts and expenditures are being made only in accordance with the authorization of our management and our board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Our management, under the supervision and with the participation of the CEO and CFO, assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria described in “*Internal Control—Integrated Framework*” issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Management’s assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the board of directors. Based on this assessment and those criteria, management concluded that we maintained effective internal control over financial reporting as of December 31, 2024. See Deloitte & Touche LLP’s accompanying attestation report on their audit of our internal controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2024, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

Rule 10b5-1 Trading Plans

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K, except as described below:

Name and Title	Character of Trading Arrangement ⁽¹⁾	Date Adopted	Duration ⁽²⁾	Aggregate Number of Shares of Common Stock to be Sold Pursuant to Trading Arrangement
Anita Mahon, Executive Vice President and Business Head, Healthcare	Rule 10b5-1 Trading Arrangement	November 04, 2024	July 31, 2025	37,817
Ajay Ayyappan, Executive Vice President, General Counsel & Corporate Secretary	Rule 10b5-1 Trading Arrangement	November 12, 2024	May 30, 2025	32,156

(1) Except as indicated by footnote, each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the “Rule”).

(2) Except as indicated by footnote, each trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table. Each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III.

ITEM 10. Directors, Executive Officers and Corporate Governance

Code of Ethics.

We have adopted a code of conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. Our code of conduct and ethics can be found posted in the investor relations section on our website at <http://ir.exlservice.com/corporate-governance>. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of our code of conduct and ethics by posting such information on our website at the address and the location specified above.

The additional information required by this Item 10 will be set forth in the definitive proxy statement for our 2025 Annual Meeting of Stockholders (the “Proxy Statement”), including under the headings “Our board of directors,” “Our executive officers” and “Corporate governance — Committees — Audit Committee,” “— Committees — Nominating and Governance Committee” and, to the extent included, “— Delinquent Section 16(a) Reports,” and is incorporated herein by reference. We intend to file the Proxy Statement with the SEC within 120 days after the fiscal year ended December 31, 2024.

ITEM 11. Executive Compensation

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, including under the headings “Executive Compensation — Compensation Discussion and Analysis,” “— Compensation and Talent Management Committee Report,” “— Summary Compensation Table for Fiscal Year 2024,” “— Grants of Plan-Based Awards Table for Fiscal Year 2024,” “Outstanding Equity Awards at Fiscal 2024 Year-End,” “Option Exercises and Stock Vested During Fiscal Year 2024,” “— Pension Benefits for Fiscal Year 2024,” “— Potential Payments upon Termination or Change in Control at Fiscal 2024 Year-End,” “— Director Compensation for Fiscal Year 2024,” “— Risk and Compensation Policies” and “Corporate Governance — Compensation and Talent Management Committee Interlocks and Insider Participation.”

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table provides information as of December 31, 2024 with respect to the shares of our common stock that may be issued under our existing equity compensation plans. For a description of our equity compensation plans, see Note 23 - Stock-Based Compensation to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data.”

Plan Category	Number of Securities to be Issued Upon Exercise/Vesting of Outstanding Options, Warrants and Rights*	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column 1)
Equity compensation plans approved by security holders	7,926,565	\$ 30.14	1,813,592
Equity compensation plans not approved by security holders	—	—	—
Total	7,926,565	\$ 30.14	1,813,592

* This includes outstanding options and unvested restricted stock units, which include time-based restricted stock units and performance-based restricted stock units. This also includes vested time-based restricted stock units and performance-based restricted stock units for which the underlying common stock was not issued as of December 31, 2024. See Note 23 - Stock-Based Compensation to our consolidated financial statements under Part II, Item 8, “Financial Statements and Supplementary Data” for further details.

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, including under the heading “Principal Stockholders.”

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, including under the headings “Certain Relationships and Related Person Transactions” and “Corporate Governance — Director Independence.”

ITEM 14. Principal Accountant Fees and Services

We incorporate by reference the information responsive to this Item appearing in our Proxy Statement, including under the heading “Ratification of the Appointment of Independent Registered Public Accounting Firm — Audit and Non-Audit Fees.”

PART IV.

ITEM 15. Exhibits and Financial Statement Schedules

(a) 1. Consolidated Financial Statements.

The consolidated financial statements required to be filed in the Annual Report on Form 10-K are listed on page F-1 hereof. The required financial statements appear on pages F-5 through F-55 hereof.

2. Financial Statement Schedules.

Financial statement schedules have been omitted since they are either not required, not material or the information is otherwise included in our consolidated financial statements or the notes to our consolidated financial statements.

3. Exhibits.

The Exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated in this Annual Report on Form 10-K by reference.

(b) Exhibits. See Item 15(a)(3) above.

(c) Financial Statement Schedules. See Item 15(a)(2) above.

ITEM 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 25, 2025

EXLSERVICE HOLDINGS, INC.

By: /S/ MAURIZIO NICOLELLI
MAURIZIO NICOLELLI
Chief Financial Officer
(Duly Authorized Signatory, Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ ROHIT KAPOOR</u> Rohit Kapoor	Chairman and Chief Executive Officer (Principal Executive Officer)	February 25, 2025
<u>/S/ MAURIZIO NICOLELLI</u> Maurizio Nicoelli	Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2025
<u>/S/ VIKRAM S. PANDIT</u> Vikram S. Pandit	Director	February 25, 2025
<u>/S/ THOMAS BARTLETT</u> Thomas Bartlett	Director	February 25, 2025
<u>/S/ ANDREAS FIBIG</u> Andreas Fibig	Director	February 25, 2025
<u>/S/ KRISTY PIPES</u> Kristy Pipes	Director	February 25, 2025
<u>/S/ NITIN SAHNEY</u> Nitin Sahney	Director	February 25, 2025
<u>/S/ JAYNIE M. STUDENMUND</u> Jaynie M. Studenmund	Director	February 25, 2025
<u>/S/ SARAH K. WILLIAMSON</u> Sarah K. Williamson	Director	February 25, 2025

INDEX TO EXHIBITS

The following exhibits are being filed as part of this report or incorporated by reference as indicated therein:

- 3.1 [Fourth Amended and Restated Certificate of Incorporation of the Company \(incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K \(File No. 1-33089\) filed on June 25, 2024\).](#)
- 3.2 [Sixth Amended and Restated By-laws of the Company \(incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K \(File No. 1-33089\) filed on June 21, 2023\).](#)
- 4.1 [Registration Rights Agreement \(incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K \(File No. 1-33089\) filed on October 25, 2006\).](#)
- 4.2 [Description of Common Stock.](#)
- 10.1+ [Form of ExlService Holdings, Inc. Employment Agreement \(applicable to Executive Officers\) \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 27, 2023\).](#)
- 10.2+ [Second Amended and Restated Employment and Non-Competition Agreement, dated August 3, 2020, between the Company and Rohit Kapoor \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on October 29, 2020\).](#)
- 10.3+ [Amendment to Second Amended and Restated Employment and Non-Competition Agreement, dated August 12, 2022, between the Company and Rohit Kapoor \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on October 27, 2022\).](#)
- 10.4+ [Amendment No. 2 to Second Amended and Restated Employment and Non-Competition Agreement, effective February 16, 2023, between the Company and Rohit Kapoor \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 27, 2023\).](#)
- 10.5+ [Employment Agreement, effective as of February 3, 2020, between ExlService Holdings, Inc. and Maurizio Nicoletti \(incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K \(File No. 1-33089\) filed on February 25, 2021\).](#)
- 10.6+ [Employment Agreement, effective as of April 18, 2022, between exl Service \(India\) Private Limited and Vikas Bhalla \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 27, 2023\).](#)
- 10.7+ [ExlService Holdings, Inc. 2015 Amendment and Restatement of the 2006 Omnibus Award Plan \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 1-33089\) filed on June 25, 2015\).](#)
- 10.8+ [Form of Restricted Stock Unit Agreement \(U.S.\) under the ExlService Holdings, Inc. 2015 Amendment and Restatement of the 2006 Omnibus Award Plan \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on October 27, 2016\).](#)
- 10.9+ [Form of Restricted Stock Unit Agreement \(U.S.\) under the ExlService Holdings, Inc. 2015 Amendment and Restatement of the 2006 Omnibus Award Plan \(incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K \(File No. 1-33089\) filed on March 17, 2017\).](#)
- 10.10+ [ExlService Holdings, Inc. 2018 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 1-33089\) filed on June 20, 2018\).](#)
- 10.11+ [Form of Restricted Stock Unit Agreement \(applicable to U.S. Executive Officers\) under the 2018 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 27, 2023\).](#)
- 10.12+ [Form of Restricted Stock Unit Agreement \(applicable to International Executive Officers\) under the 2018 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 27, 2023\).](#)
- 10.13+ [Form of Restricted Stock Unit Agreement \(Directors\) under the 2018 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on April 29, 2021\).](#)
- 10.14+ [Form of Option Agreement \(applicable to U.S. Executive Officers\) under the 2018 Omnibus Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q \(File No. 1-33089\) filed on July 27, 2023\).](#)

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10.15+	<u>Form of Option Agreement (applicable to International Executive Officers) under the 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 1-33089) filed on July 27, 2023).</u>
10.16+	<u>ExlService Holdings, Inc. 2022 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report Form 8-K (File No. 1-33089) filed on June 22, 2022).</u>
10.17	<u>Amendment and Restatement Agreement, dated April 18, 2022, by and among the Company and the other loan parties thereto, the lenders party thereto, and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form (File No. 1-33089) filed on April 20, 2022).</u>
10.18	<u>First Amendment to Amended and Restated Credit Agreement, dated August 9, 2024, by and among the Company and the other loan party thereto, the lenders party thereto, and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-33089) filed on August 15, 2024).</u>
10.19	<u>Master Confirmation – Variable Tenor Accelerated Stock Repurchase, dated as of March 15, 2024, between ExlService Holdings, Inc., Citibank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-33089) filed on March 2024).</u>
10.20+	<u>Offer Letter, effective as of April 1, 2025, between ExlService Holdings, LLC and Anita Mahon.</u>
19.1	<u>ExlService Holdings, Inc. Securities Trading Policy.</u>
21.1	<u>Subsidiaries of the Company.</u>
23.1	<u>Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.</u>
31.1	<u>Certification of the Chief Executive Officer of ExlService Holdings, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of the Chief Financial Officer of ExlService Holdings, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97	<u>ExlService Holdings, Inc. Clawback Policy (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K (File 1-33089) filed on February 29, 2024).</u>
101.INS	Inline XBRL Instance 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 Extension Presentation Linkbase*
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*This exhibit will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

+Indicates management contract or compensatory plan required to be filed as an Exhibit.

EXLSERVICE HOLDINGS, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of ExlService Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ExlService Holdings, Inc. (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, shareholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenues - Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

Revenues from payment integrity services having contingent fee arrangements are recognized by the Company at the point in time when a performance obligation is satisfied, which is when it identifies an overpayment claim. In such contracts, the Company’s consideration is contingent upon the actual collections made by its customers and net of any subsequent retraction claims. Based on guidance on variable consideration in Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (“ASC Topic 606”), the Company uses its historical experience and projections to determine the expected amount of revenue to be recognized based on the expected consideration to be received from its customers. Any adjustment required due to change in estimates are recorded in the period in which such change is identified.

We identified revenue recognized under contracts for the Company’s payment integrity services as a critical audit matter because of the judgments necessary for management to determine the transaction price, represented by the amount of expected recoveries from its customers. This required extensive audit effort and a high degree of auditor judgment when performing

audit procedures to audit management's estimates of transaction price used to recognize revenue and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to testing the transaction price of the Company's contracts to provide payment integrity services included the following, among others:

- We tested the effectiveness of the internal controls related to the assumptions used to determine the transaction price that is probable of recovery, including subsequent changes to amounts earned.
- We selected a sample of transactions and performed the following procedures for evaluating management's estimate and underlying data used for deriving transaction price:
 - Read the underlying contract with the customer and agreed the commission rate for the selected transaction to the Company's computation used to determine the amount of revenue recognized.
 - Tested management's estimate used to determine the transaction price that is probable of recovery, including subsequent changes to amounts earned.
 - Tested the accuracy and completeness of the underlying data (i.e. historical experience) used by management to support such estimate.
 - Tested the mathematical accuracy of the Company's estimate analysis.
- We evaluated management's ability to estimate the transaction price accurately by comparing actual recoveries to management's historical estimates.

/s/ Deloitte & Touche LLP

New York, New York

February 25, 2025

We have served as the Company's auditor since 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of ExlService Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of ExlService Holdings, Inc. (the “Company”) as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 25, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

New York, New York

February 25, 2025

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amount and share count)

	Notes	As of	
		December 31, 2024	December 31, 2023
Assets			
Current assets:			
Cash and cash equivalents	7	\$ 153,355	\$ 136,953
Short-term investments	8	187,223	153,881
Restricted cash	7	9,972	4,062
Accounts receivable, net	4	304,322	308,108
Other current assets	11	140,317	76,669
Total current assets		795,189	679,673
Property and equipment, net	9	101,837	100,373
Operating lease right-of-use assets	21	68,784	64,856
Restricted cash	7	8,071	4,386
Deferred tax assets, net	22	104,747	82,927
Goodwill	10	420,387	405,639
Other intangible assets, net	10	49,331	50,164
Long-term investments	8	13,972	4,430
Other assets	12	56,085	49,524
Total assets		\$ 1,618,403	\$ 1,441,972
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable		\$ 5,884	\$ 5,055
Current portion of long-term borrowings	18	4,886	65,000
Deferred revenue		19,264	12,318
Accrued employee costs		129,994	117,137
Accrued expenses and other current liabilities	13	113,597	114,113
Current portion of operating lease liabilities	21	16,491	12,780
Total current liabilities		290,116	326,403
Long-term borrowings, less current portion	18	283,598	135,000
Operating lease liabilities, less current portion	21	59,851	58,175
Deferred tax liabilities, net	22	1,403	1,495
Other non-current liabilities	14	53,573	31,462
Total liabilities		688,541	552,535
Commitments and contingencies	25		
Stockholders' equity:			
Preferred stock, \$0.001 par value; 15,000,000 shares authorized, none issued		—	—
Common stock, \$0.001 par value; 400,000,000 shares authorized, 206,510,587 shares issued and 161,801,212 shares outstanding as of December 31, 2024 and 203,410,038 shares issued and 165,277,880 shares outstanding as of December 31, 2023	19	206	203
Additional paid-in capital		588,583	508,028
Retained earnings		1,281,960	1,083,663
Accumulated other comprehensive loss	15	(154,722)	(127,040)
Total including shares held in treasury		1,716,027	1,464,854
Less: 44,709,375 shares as of December 31, 2024 and 38,132,158 shares as of December 31, 2023, held in treasury, at cost	19	(786,165)	(575,417)
Total stockholders' equity		929,862	889,437
Total liabilities and stockholders' equity		\$ 1,618,403	\$ 1,441,972

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amount and share count)

	Notes	Year ended December 31,		
		2024	2023	2022
Revenues, net	3, 4	\$ 1,838,372	\$ 1,630,668	\$ 1,412,044
Cost of revenues ⁽¹⁾		1,147,359	1,022,902	896,595
Gross profit ⁽¹⁾		691,013	607,766	515,449
Operating expenses:				
General and administrative expenses		225,672	198,294	169,016
Selling and marketing expenses		146,502	120,227	97,989
Depreciation and amortization expense	9, 10	55,219	50,490	56,282
Total operating expenses		427,393	369,011	323,287
Income from operations		263,620	238,755	192,162
Foreign exchange gain, net		891	1,532	6,199
Interest expense	18	(19,256)	(13,180)	(8,252)
Other income/(expense), net	6	16,092	10,834	(10)
Income before income tax expense and earnings from equity affiliates		261,347	237,941	190,099
Income tax expense	22	62,936	53,536	47,565
Income before earnings from equity affiliates		198,411	184,405	142,534
Gain/(loss) from equity-method investment		(114)	153	434
Net income		\$ 198,297	\$ 184,558	\$ 142,968
Earnings per share:	5			
Basic		\$ 1.22	\$ 1.11	\$ 0.86
Diluted		\$ 1.21	\$ 1.10	\$ 0.85
Weighted average number of shares used in computing earnings per share:	5			
Basic		162,718,840	166,341,213	166,651,585
Diluted		164,321,656	168,161,371	169,169,290

(1) Exclusive of depreciation and amortization expense.

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Notes	Year ended December 31,		
		2024	2023	2022
Net income		\$ 198,297	\$ 184,558	\$ 142,968
Other comprehensive income/(loss):				
Unrealized gain/(loss) on cash flow hedges	17	(14,513)	14,403	(27,333)
Currency translation adjustments		(17,484)	652	(47,734)
Retirement benefits	20	(1,414)	1,337	2,574
Reclassification adjustments:				
(Gain)/loss on cash flow hedges ⁽¹⁾	17	(131)	5,208	1,295
Retirement benefits ⁽²⁾	20	(602)	(94)	592
Income tax effects relating to above ⁽³⁾	22	6,462	(4,403)	15,937
Total other comprehensive income/(loss)		(27,682)	17,103	(54,669)
Total comprehensive income		\$ 170,615	\$ 201,661	\$ 88,299

(1) These are reclassified to net income and are included in cost of revenues, operating expenses and interest expense, as applicable in the consolidated statements of income.

(2) These are reclassified to net income and are included in other income/(expense), net in the consolidated statements of income.

(3) These are income tax effects recognized on cash flow hedges, retirement benefits and currency translation adjustments.

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share count)

	Notes	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock		Total
		Shares	Amount				Shares	Amount	
Balance as of January 1, 2022		197,541,700	\$ 198	\$ 395,584	\$ 756,137	\$ (89,474)	(31,084,290)	\$ (369,289)	\$ 693,156
Stock issued against stock-based compensation plans	23	2,398,180	2	(2)	—	—	—	—	—
Stock-based compensation	23	—	—	49,366	—	—	—	—	49,366
Acquisition of treasury stock	19	—	—	—	—	—	(2,683,370)	(72,642)	(72,642)
Other comprehensive loss	15	—	—	—	—	(54,669)	—	—	(54,669)
Net income		—	—	—	142,968	—	—	—	142,968
Balance as of December 31, 2022		199,939,880	\$ 200	\$ 444,948	\$ 899,105	\$ (144,143)	(33,767,660)	\$ (441,931)	\$ 758,179
Stock issued against stock-based compensation plans	23	3,470,158	3	4,643	—	—	—	—	4,646
Stock-based compensation	23	—	—	58,437	—	—	—	—	58,437
Acquisition of treasury stock	19	—	—	—	—	—	(4,364,498)	(133,268)	(133,268)
Excise tax on repurchase of common stock, net of stock issuances	19	—	—	—	—	—	—	(218)	(218)
Other comprehensive income	15	—	—	—	—	17,103	—	—	17,103
Net income		—	—	—	184,558	—	—	—	184,558
Balance as of December 31, 2023		203,410,038	\$ 203	\$ 508,028	\$ 1,083,663	\$ (127,040)	(38,132,158)	\$ (575,417)	\$ 889,437
Stock issued against stock-based compensation plans	23	3,100,549	3	5,035	—	—	—	—	5,038
Stock-based compensation	23	—	—	72,658	—	—	—	—	72,658
Acquisition of treasury stock	19	—	—	—	—	—	(2,406,700)	(81,790)	(81,790)
Accelerated share repurchase		—	—	2,862	—	—	(4,170,517)	(127,862)	(125,000)
Excise tax on repurchase of common stock, net of stock issuances	19	—	—	—	—	—	—	(1,096)	(1,096)
Other comprehensive loss	15	—	—	—	—	(27,682)	—	—	(27,682)
Net income		—	—	—	198,297	—	—	—	198,297
Balance as of December 31, 2024		206,510,587	\$ 206	\$ 588,583	\$ 1,281,960	\$ (154,722)	(44,709,375)	\$ (786,165)	\$ 929,862

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 198,297	\$ 184,558	\$ 142,968
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	55,221	50,280	56,102
Stock-based compensation expense	72,658	58,437	49,366
Reduction in the carrying amount of operating lease right-of-use assets	21,764	20,188	21,783
Fair value mark-to-market on investments	(1,514)	17,044	(1,209)
Unrealized foreign currency exchange gain, net	(5,136)	(1,363)	(16,643)
Deferred income tax benefit	(19,885)	(31,742)	(19,552)
Others, net	(680)	5,301	9,443
Change in operating assets and liabilities:			
Accounts receivable	4,647	(49,242)	(68,121)
Other current and non-current assets	(48,373)	(24,339)	(18,432)
Income taxes payable, net	(26,204)	(18,282)	8,779
Accounts payable, accrued expenses and other liabilities	20,509	7,326	16,860
Deferred revenue	7,002	(877)	2,473
Accrued employee costs	21,708	14,090	5,551
Payment of contingent consideration	(11,000)	—	—
Operating lease liabilities	(20,489)	(20,181)	(23,227)
Net cash provided by operating activities	268,525	211,198	166,141
Cash flows from investing activities:			
Purchases of property and equipment	(46,262)	(52,803)	(44,836)
Proceeds from sale of property and equipment	215	739	266
Business acquisition (net of cash acquired)	(24,299)	—	(3,872)
Purchases of investments	(289,012)	(235,369)	(212,607)
Proceeds from redemption of investments	240,859	276,036	164,503
Investment in equity affiliate	(600)	(600)	—
Net cash used for investing activities	(119,099)	(11,997)	(96,546)
Cash flows from financing activities:			
Principal payments of finance lease liabilities	(326)	(169)	(142)
Proceeds from borrowings	290,000	80,000	35,000
Repayments of borrowings	(201,250)	(130,000)	(45,000)
Payment of contingent consideration	(4,000)	(5,000)	—
Acquisition of treasury stock	(207,926)	(131,847)	(72,642)
Proceeds from issuance of common stock	5,023	5,566	1,060
Payment of debt issuance costs	(622)	—	—
Net cash used for financing activities	(119,101)	(181,450)	(81,724)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4,328)	2,029	(6,060)
Net increase/(decrease) in cash, cash equivalents and restricted cash	25,997	19,780	(18,189)
Cash, cash equivalents and restricted cash at the beginning of the period	145,401	125,621	143,810
Cash, cash equivalents and restricted cash at the end of the period	\$ 171,398	\$ 145,401	\$ 125,621
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	\$ 19,604	\$ 13,895	\$ 8,189
Income taxes	\$ 106,414	\$ 104,882	\$ 57,058
Supplemental disclosure of non-cash investing and financing activities:			
Additions to property and equipment not yet paid	\$ 2,062	\$ 4,137	\$ 4,032
Assets acquired under finance lease	\$ 1,325	\$ 461	\$ 312

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024
(In thousands, except per share amount and share count)

1. Organization

ExlService Holdings, Inc. (“ExlService Holdings”) is organized as a corporation under the laws of the State of Delaware. ExlService Holdings, together with its subsidiaries and affiliates (collectively, the “Company”), is a global data and artificial intelligence (“AI”) company that offers services and solutions to reinvent client business models, drive better outcomes and unlock growth with speed. The Company harnesses the power of data, AI, and deep industry knowledge to transform businesses, including the world’s leading corporations in industries including insurance, healthcare, banking and capital markets, retail, communications and media, and energy and infrastructure, among others.

The Company’s clients are located principally in the United States of America (“U.S.”) and the United Kingdom (“U.K.”).

2. Summary of Significant Accounting Policies

(a) Basis of Preparation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (“U.S. GAAP”). The accompanying financial statements have been prepared on a consolidated basis and reflect the financial statements of ExlService Holdings, Inc. and all of its subsidiaries and includes the Company’s share in the results of its associates.

The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis. Intra-group balances and transactions, and gains and losses arising from intra-group transactions, are eliminated while preparing consolidated financial statements.

The Company’s investments in equity affiliates are initially recorded at cost and any excess purchase consideration paid over proportionate share of the fair value of the net assets of the investee at the acquisition date is recognized as goodwill. The proportionate share of net income or loss of the investee after its acquisition is recognized in the consolidated statements of income.

Accounting policies of the respective individual subsidiaries and equity affiliates are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Company under U.S. GAAP.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities included in the consolidated financial statements. Although these estimates are based on management’s best assessment of the current business environment, actual results may be different from those estimates. The significant estimates that affect the consolidated financial statements include, but are not limited to, estimates of the fair value of the identifiable intangible assets and contingent consideration, purchase price allocation, including revenue projections and the discount rate applied within the discounted cash flow model for business acquisitions, credit risk of customers, the nature and timing of the satisfaction of performance obligations, the standalone selling price of performance obligations, variable consideration in a customer contract, expected recoverability from customers with contingent fee arrangements, estimated costs to complete fixed price contracts, assets and obligations related to employee benefit plans, deferred tax valuation allowances, income-tax uncertainties and other contingencies, valuation of derivative financial instruments and stock-based awards, and useful life of long-lived assets and other intangible assets. The significant assumptions underneath these estimates include, but are not limited to assumptions to calculate stock-based compensation expense, determine incremental borrowing rate to calculate lease liabilities and right-of-use (“ROU”) assets, determine lease term to calculate single operating lease cost, determine pattern of

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generation of economic benefits to calculate depreciation and amortization for long-lived assets and other intangible assets, and recoverability of long-lived assets, goodwill and other intangible assets.

(c) Foreign Currency Translation

The functional currency of each entity in the Company is the currency of the primary economic environment in which it operates. Transactions in foreign currencies are initially recorded into functional currency at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured into functional currency at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are remeasured to the functional currency at exchange rates that prevailed on the date of inception of the transaction. All foreign exchange gains and losses arising on re-measurement are recorded in the Company's consolidated statements of income.

The assets and liabilities of the subsidiaries for which the functional currency is other than the U.S. dollar are translated into U.S. dollars, the reporting currency, at the rate of exchange prevailing on the balance sheet date. Revenues and expenses are translated into U.S. dollars at the exchange rates prevailing on the last business day of each month, which approximates the average monthly exchange rate. Share capital and other equity items are translated at exchange rates that prevailed on the date of inception of the transaction. Resulting translation adjustments are included in "Accumulated other comprehensive income/(loss)" in the consolidated balance sheets.

(d) Revenue Recognition

Revenue is recognized when services are provided to the Company's customers, in an amount that reflects the consideration which the Company expect to be entitled to in exchange for the services provided. The Company recognizes revenue when it satisfies a performance obligation by providing services to a customer.

Revenue is measured based on consideration specified in a contract with a customer and excludes value added tax, business tax, any applicable discounts and amounts collected on behalf of third parties. Reimbursements of out-of-pocket expenses are included as a part of revenue.

Nature of Services

The Company derives its revenues from digital operations and solutions and analytics services. The Company provides digital operations and solutions and analytics services helping businesses enhance revenue growth and improve profitability.

Type of Contracts and Basis of Recognition

- i. Revenues under time-and-material and transaction based contracts are recognized as the services are performed. When the terms of the client contract specify service level parameters that must be met (such as turnaround time or accuracy), the Company monitors such service level parameters to determine if any service credits or penalties have been incurred. Revenues are recognized net of any penalties or service credits that are due to a client.
- ii. Revenues for the Company's fixed-price contracts, which include business support services provided on a fixed price basis or implementation of applications or solutions, are recognized considering costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying the Company's performance obligations. Incurred cost represents work performed, which corresponds with, and thereby reasonably reflects transfer of control to the client. The use of this method requires significant judgment to estimate the stage of completion and/or cost required to complete the contracted scope of work, including assumptions and estimates relative to the length of time to complete the project and the nature and complexity of the work to be performed and resources engaged. The Company regularly monitors these estimates throughout the execution of the project and records changes in the period in which a change in an estimate is determined. If a change in an estimate results in a projected loss on a project, such loss is recognized in the period in which it is first identified.
- iii. Revenue from the Company's software and related services contracts, which are not significant, are primarily related to annual maintenance renewals or incremental license fees for additional users. Maintenance revenues are generally recognized on a straight-line basis over the annual contract term. Fees for incremental license without any associated services are recognized at the point in time upon delivery of the related incremental license.

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To a lesser extent, certain contracts may include offerings such as sale of licenses, which may be perpetual or subscription-based. The Company recognizes revenue from distinct perpetual licenses upfront at a point in time when the software is made available to the client, whereas for a combined software license and services performance obligation, revenue is recognized over the period that the services are performed.

Revenue from distinct subscription based licenses is recognized over the period of service performed. Revenue from any associated maintenance or ongoing support services is recognized over the term of the contract.

- iv. Revenues from payment integrity services having contingent fee arrangements are recognized by the Company at the point in time when a performance obligation is satisfied, which is when it identifies an overpayment claim. In such contracts, the Company's consideration is contingent upon the actual collections made by its customers and net of any subsequent retraction claims. Based on guidance on "variable consideration" in Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC Topic 606"), the Company uses its historical experience and projections to determine the expected amount of revenue to be recognized based on the expected consideration to be received from its customers. Any adjustment required due to change in estimates are recorded in the period in which such change is identified. The estimated amount of revenue to be collected from our customers are presented as contract assets within "Other Current Assets".

Modification to Contracts

The Company's contracts may be modified to add, remove or change existing performance obligations. The accounting for modifications to contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at a standalone selling price. Services added that are distinct and at standalone selling price are accounted on a prospective basis either as a separate contract, or as a termination of existing contract and creation of a new contract.

Arrangements with Multiple Performance Obligations

The Company's contracts with customers do not generally bundle different services together except for software and related services contracts, which are not significant, involving implementation services and post contract maintenance services. In such software and related services contracts, revenue is recognized based upon the transaction price allocated to each performance obligation based on the relative standalone selling price.

Allocation of Transaction Price to Performance Obligations

The transaction price is allocated to performance obligations on a relative standalone selling price basis. Standalone selling prices are estimated by reference to the total transaction price less the sum of the observable standalone selling prices of other goods or services promised in the contract. In assessing whether to allocate variable consideration to a specific part of the contract, the Company considers the nature of the variable payment and whether it relates specifically to its efforts to satisfy a specific part of the contract.

Variable Consideration

Variability in the transaction price arises primarily due to service level agreements, volume discounts entailing variability in revenue earned, and contracts under the Company's payment integrity services whereby the transaction price is based on the estimated amount the Company enables its customers to recover.

The Company considers its historical experience, including trends with similar transactions and expectations regarding the contract in estimating the amount of variable consideration that should be recognized during a period.

The Company believes that the expected value method is most appropriate for determining the variable consideration since the Company has a large number of contracts with a similar nature of transactions/services.

Unbilled Receivables

Unbilled receivables represents revenues recognized for services rendered between the last billing date and the balance sheet date.

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Deferred Revenue and Contract Fulfillment Costs

Contract liabilities (deferred revenue) consist of advance billings and billing in excess of revenues recognized. Deferred revenue also includes the amount for which services have been rendered but other conditions of revenue recognition are not met, for example, where the Company does not have an enforceable contract.

Further, the Company also defers any upfront payments collected from its customers attributable to certain process transition activities, with respect to its customers where such activities do not represent separate performance obligations. Revenues related to such transition activities are classified under “Deferred revenue” and “Other non-current liabilities” in the Company’s consolidated balance sheets and are recognized as (or when) the performance obligation is fulfilled under the contract with customer.

Costs related to such transition activities are contract fulfillment costs, and thereby classified under “Other current assets” and “Other assets” in the consolidated balance sheets, and are recognized over the expected duration of the relationship with customers, under “Cost of revenues” in the consolidated statements of income.

Contract Acquisition Costs

Incremental costs incurred for acquiring contracts, such as sales commissions are contract acquisition costs and thereby classified under “Other current assets” and “Other assets” in the consolidated balance sheets. Such costs are amortized over the expected duration of the relationship with customers and recorded under Selling and marketing expenses in the consolidated statements of income.

Upfront Payments Made to Customers

Upfront payments, in nature of deal signing discount or deal signing bonuses made to customers are contract assets and classified under “Other current assets and Other assets” in the consolidated balance sheets. Such costs are amortized over the expected period of benefit and are recorded as an adjustment to transaction price and reduced from revenues.

Out-of-Pocket Expenses

Reimbursements of out-of-pocket expenses received from customers are included as part of revenues.

Payment terms

All contracts entered into by the Company specify the payment terms and are defined for each contract separately. Usual payment terms range between 30-60 days. The Company does not have any extended payment terms clauses in existing contracts.

Remaining Performance Obligations

The Company does not disclose the value of remaining performance obligations as a result of applying the practical expedient provided in ASC Topic 606, for contracts that meet any of the following criteria:

- i. Contracts with an original expected length of one year or less as determined under ASC Topic 606,
- ii. Contracts for which Company recognize revenue based on the right to invoice for service performed.

(e) Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. Pursuant to the Company’s investment policy, surplus funds are invested in highly-rated debt mutual funds, money market funds and time deposits to reduce its exposure to market risk with regard to these funds.

The Company’s investment in money market funds is considered as cash equivalents. These investments are accounted for in accordance with the fair value option under ASC Topic 825, *Financial Instruments*. The fair value is represented by original cost on the acquisition date and the net asset value (“NAV”) as quoted, at each reporting period and any changes in fair value

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are included in other income/(expense), net. Gain or loss on the disposal of these investments is calculated using the first in, first out (“FIFO”) method and is included in other income/(expense), net.

Restricted cash includes any cash and cash equivalents that are legally restricted as to withdrawal or usage for the Company’s operations.

For purposes of the statements of cash flows, the Company includes in its cash and cash-equivalent balances those amounts that have been classified as restricted cash and restricted cash equivalents.

(f) Short-Term and Long-Term Investments

The Company’s short-term investments consist of investments in mutual funds and those term deposits with more than three months of original maturity and less than twelve months of remaining maturity as of the reporting date, while long-term investments consist of term deposits with more than twelve months of remaining maturity as of the reporting date and investments in equity affiliate.

The Company’s investments in term deposits with financial institutions are measured and recognized at amortized cost. Interest earned on such investments is included in other income/(expense), net.

The Company’s mutual fund investments are in debt funds invested in India. These investments are accounted for in accordance with the fair value option under ASC Topic 825, *Financial Instruments*. The fair value is represented by original cost on the acquisition date and the net asset value (“NAV”) as quoted, at each reporting period and any changes in fair value are included in other income/(expense), net. Gain or loss on the disposal of these investments is calculated using the FIFO method and is included in other income/(expense), net.

Investments in equity affiliates are initially recorded at cost and any excess purchase consideration paid over proportionate share of the fair value of the net assets of the investee at the acquisition date is recognized as goodwill. The proportionate share of net income or loss of the investee after its acquisition is recognized in the consolidated statements of income. The Company periodically reviews the carrying value of its investment to determine if there has been any other than temporary decline in carrying value. The investment balance for an investee is increased or decreased for cash contribution and distributions to or from, respectively.

(g) Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are recorded net of allowances for expected credit losses. The Company evaluates the credit risk of its customers based on a combination of various financial and qualitative factors that may affect the ability of each customer to pay. The Company considered current and anticipated future economic conditions relating to the industries of the Company’s customers and the countries where it operates. In calculating expected credit loss, the Company also considered past payment trends, credit rating and other related credit information for its significant customers to estimate the probability of default in the future. Accounts receivable balances are written-off against the allowance for expected credit losses after all means of collection have been exhausted and the potential for recovery is considered remote.

Accounts receivable include unbilled accounts receivable which represent revenues on contracts to be billed, in subsequent periods, as per the terms of the related contracts.

(h) Property and Equipment

Property and equipment are stated at cost, which is generally comprised of the purchase price for such property or equipment, non-refundable duties and taxes, but excludes any discounts and/or rebates, less accumulated depreciation and impairment. Equipment held under finance leases are capitalized at the commencement of the lease at an amount equal to the lease liability, adjusted for any lease prepayments, initial direct costs and lease incentives, which usually approximate the fair value of the underlying asset. Expenditures for replacements and improvements are capitalized, if they enhance the production capacity and future benefits whereas the costs of maintenance and repairs are charged to earnings as incurred. Advances paid towards acquisition of property and equipment and the cost of property and equipment not yet placed in service before the end of the reporting period, net of impairment, if any, are classified as capital work in progress.

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Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is presented under “Depreciation and amortization expense” in the consolidated statements of income.

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The estimated useful life have been disclosed in Note 9 - Property and Equipment to the consolidated financial statements.

(i) Software Development Costs

The Company capitalizes certain costs related to the development or enhancements to existing software products to be sold, leased or otherwise marketed and / or used for internal-use. The Company begins to capitalize costs to develop or enhance software when planning stage efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred and recorded within “General and administrative expenses” in the Company’s consolidated statements of income. Costs incurred on internally developed software not yet ready for its intended use before the end of the reporting period, net of impairment, if any, are classified as capital work in progress. The Company exercises judgment in determining the point at which various projects may be capitalized, in assessing the ongoing value of the capitalized costs, and in determining the estimated useful lives over which the costs are amortized.

Annual amortization of internally developed software products meant for sale, lease or otherwise marketing is the greater of the amount computed using the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or the straight-line method over the remaining estimated economic life of the software product, generally estimated to be up to 5 years from the date the product became available for use. Annual amortization of internally developed software products meant for internal-use is based on the straight-line method over the estimated useful lives of the internally developed software products. Amortization of such internally developed software is presented under “Depreciation and amortization expense” in the consolidated statements of income.

(j) Business Combinations, Goodwill and Other Intangible Assets

ASC Topic 805, *Business Combinations*, requires that the acquisition method of accounting be used for all business combinations. The guidance specifies criteria as to intangible assets acquired in a business combination that must be recognized and reported separately from goodwill. Contingent consideration is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is re-measured to fair value as of each reporting date until the contingency is resolved, whereby such changes in fair value are recognized in earnings. Under ASC Topic 350, *Intangibles - Goodwill and Other*, all assets and liabilities of the acquired businesses, including goodwill, are assigned to reporting units. Acquisition related costs are expensed as incurred under general and administrative expenses.

In addition, assets acquired and liabilities assumed including uncertain tax positions and tax-related valuation allowances in connection with business combinations are initially estimated as of the acquisition date. The Company subsequently re-evaluates the assets acquired and liabilities assumed, including additional assets and liabilities identified subsequent to acquisition date, with any adjustments to its preliminary estimates being recorded to goodwill within the measurement period (up to one year from the acquisition date).

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased in a business combination. The Company undertakes studies to determine the fair values of assets and liabilities acquired and allocates purchase consideration to assets and liabilities, including property and equipment, goodwill and other identifiable intangibles. Goodwill is not amortized but is tested for impairment at least on an annual basis, relying on a number of factors including operating results, business plans and estimated future cash flows of the reporting units to which it is assigned. The Company examines the carrying value and fair value of the reporting unit that includes goodwill as and when the circumstances warrant, to determine whether there are any impairment losses. Refer to Note 10 - Business Combinations, Goodwill and Other Intangible Assets to the consolidated financial statements.

The Company performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the assessment of events or circumstances, the Company performs a quantitative assessment of goodwill impairment

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if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, based on the quantitative impairment analysis, the carrying value of the goodwill of a reporting unit exceeds the fair value of such goodwill, an impairment loss is recognized in an amount equal to the excess, limited to the total amount of goodwill allocated to that reporting unit. In addition, the Company performs a qualitative assessment of goodwill impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Intangible assets acquired in a business combination are initially valued and recognized at fair market value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over the estimated useful lives and are reviewed for impairment, if indicators of impairment arise. Amortization of intangible assets with definite lives is presented under “Depreciation and amortization expense” in the consolidated statements of income. The evaluation of impairment is based upon a comparison of the carrying amount of the intangible asset to its fair value, which is calculated using the estimated future undiscounted net cash flows expected to be generated by the asset. If the fair value of the intangible assets is less than the carrying amount of the asset, the asset is considered impaired and an impairment expense is recognized equal to any shortfall in the current period.

The Company’s definite lived intangible assets are amortized over their estimated useful lives as listed below using a straight-line method:

	Useful Lives (in years)
Customer relationships	5-15
Developed technology	3-10
Non-compete agreements	3-5
Trade names and trademarks	2-10

(k) Impairment of Long-lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are required to be tested for impairment if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset’s residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. The Company derives the required undiscounted cash flow estimates from its historical experience and its internal business plans. To determine fair value, the Company follows the discounted cash flow approach and uses its internal cash flow estimates discounted at an appropriate discount rate and independent appraisals, as appropriate. The impairment amount to be recognized is measured as the amount by which the carrying value of the assets exceeds their fair value.

(l) Derivative Financial Instruments

In the normal course of business, the Company uses derivative instruments to mitigate the exposure from risk of foreign currency and interest rate fluctuations. The Company enters into foreign currency forward contracts to hedge cash flow risks from forecasted transactions denominated in certain foreign currencies, and interest rate swaps to hedge cash flow risks from its revolving credit facility having variable interest rate obligations. These contracts adhere to the Company’s treasury operations’ objectives and policies to qualify as cash flow hedges, and are with counterparties that are highly rated financial institutions.

Changes in the fair value of these cash flow hedges are recorded as a component of accumulated other comprehensive income/(loss) (“AOCI”), net of tax. The resultant foreign exchange gain/(loss) upon settlement of cash flow hedges of forecasted transactions are recorded in the consolidated statements of income along with the underlying hedged item in the same line as part of “Cost of revenues,” “General and administrative expenses,” “Selling and marketing expenses,” and “Depreciation and amortization expense,” as applicable. The accumulated changes in the fair value of interest rate swaps

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recognized in AOCI are reclassified to the consolidated statements of income and are presented as a part of “Interest expense” over the term of the contract.

The Company evaluates hedge effectiveness of cash flow hedges at the time a contract is entered into as well as on an ongoing basis. For hedge relationships that are discontinued because the forecasted transaction is not expected to occur by the end of the originally specified period, any related derivative amounts recorded in AOCI are reclassified to earnings.

The Company also uses derivatives instruments consisting of foreign currency forward contracts to hedge intercompany balances and other monetary assets or liabilities denominated in currencies other than the functional currency, against the risk of foreign currency fluctuations associated with remeasurement of such assets and liabilities to functional currency. These derivatives do not qualify as fair value hedges under ASC Topic 815. Changes in the fair value of these derivatives are recognized in the consolidated statements of income and are included in foreign exchange gain, net.

The Company also uses foreign currency forward contracts designated as net investment hedges to hedge the foreign currency risks related to the Company's investment in foreign subsidiaries. Fair value changes on these forward contracts and gains and losses on settlement of such forward contracts are recognized in AOCI as part of the foreign currency translation adjustments and are reclassified to consolidated statements of income when a foreign operation is disposed or partially disposed.

All of the assets and liabilities related to the Company's forward contracts are subject to master netting arrangements with each individual counterparty. These master netting arrangements generally provide for net settlement of all outstanding contracts with the counterparty in the case of an event of default or a termination event. The Company has presented all of the assets and liabilities related to these contracts on a gross basis, with no offsets, in its consolidated statements of financial position. There is no financial collateral (including cash collateral) provided or received by the Company related to these contracts.

(m) Employee Benefits

Contributions to defined contribution plans are charged to the consolidated statements of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are recognized in the period to which they relate. The liability in respect of defined benefit plans is calculated annually by the Company using the projected unit credit method.

The Company records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return on plan assets, future compensation increases and attrition rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income (loss) (“OCI”) and amortized to net periodic benefit cost over the expected remaining period of service of the covered employees using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. These assumptions may not be within the control of the Company and accordingly it is reasonably possible that these assumptions could change in future periods.

The Company includes the service cost component of the net periodic benefit cost in the same line item or items as other compensation costs arising from services rendered by the respective employees during the period. The interest cost, expected return on plan assets and amortization of actuarial gains/loss, are included in “Other income/(expense), net.” Refer to Note 20 - Employee Benefit Plans to the consolidated financial statements.

The Company recognizes its liabilities for compensated absences depending on whether the obligation is attributable to employee services already rendered, rights to compensated absences vest or accumulate and payment is probable and estimable.

(n) Stock-Based Compensation

The Company recognizes stock-based compensation expense in the consolidated statements of income for awards of equity instruments to employees and non-employee directors based on the grant-date fair value of those awards. The Company

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recognizes these compensation costs on straight-line basis over the requisite service period of the award, or to the date on which retirement eligibility is achieved, if shorter. Forfeitures are accounted when the actual forfeitures occur.

Under the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"), which was adopted by the Company's stockholders on June 15, 2018, which replaces and supersedes the 2015 Amendment and Restatement of the Company's 2006 Omnibus Award Plan (the "Prior Plan") and is effective upon the date approved by the Company's stockholders, the Company grants performance-based restricted stock units ("PRSU") to executive officers and other specified employees. Generally, the Company grants PRSUs that cliff vest based on an aggregated revenue target ("PU") for a three-year period, and PRSUs that are based on market conditions ("MU") and cliff vest upon meeting or exceeding the Company's total shareholder return relative to a group of peer companies specified under the 2018 Plan, and are measured over a three-year performance period. The award recipient may earn up to 200% of the PRSUs granted based on the actual achievement of the respective targets. However, the features of the equity incentive compensation program are subject to change by the Compensation and Talent Management Committee of the Company's board of directors.

The fair value of each PU is determined based on the market price of one common share of the Company on the day prior to the date of grant, and the associated compensation expense is calculated on the basis that performance targets at 100% are probable of being achieved. The compensation expense for the PU is recognized on a straight-line basis over the service period, which is through the end of the third year. Over this period, the number of shares that will be issued is adjusted upward or downward based upon the probability of achievement of the performance targets. The final number of shares issued and the related compensation cost recognized as an expense will be based on a comparison of the final performance metrics to the specified targets. The expense related to the unvested PU as of December 31, 2024 was based on the Company's assessment of performance criteria for these grants that would most likely be met during the respective years of vesting against the targeted performance level.

The grant date fair value for the MUs is determined using a Monte Carlo simulation model and the related compensation expense is expensed on a straight-line basis over the vesting period. All compensation expense related to the MU will be recognized if the requisite performance period is fulfilled, regardless of the extent of the market condition achieved.

Stock-based compensation expense associated with the Company's 2022 Employee Stock Purchase Plan ("ESPP") is measured at fair-value using a Black-Scholes option-pricing model at the commencement of each offering period and recognized over that offering period.

(o) Income Taxes

The Company accounts for income taxes using the asset and liability method of accounting for income taxes. The Company calculates and provides for income taxes in each of the tax jurisdictions in which it operates. The deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases and all operating losses carried forward, if any. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which the applicable temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or tax status is recognized in the statements of income in the period in which the change is identified. The Company releases (reclassifies) the tax effects from AOCI to the consolidated statements of income at the time of settlement of cash flows hedges and amortization of deferred actuarial gain/(loss) on retirement benefits. Deferred tax assets are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company establishes provisions for uncertain tax provisions and related interest and penalties when the Company believes those tax positions are not more likely than not of being sustained, if challenged.

The Company has indefinitely reinvested earnings from its foreign subsidiaries through December 31, 2023, and has not recorded deferred tax liabilities for such earnings. Beginning 2024, the Company is not indefinitely investing current year earnings of the Company's foreign disregarded subsidiaries and is not recording any deferred tax liabilities. However, the Company continues to indefinitely reinvest earnings from its controlled foreign corporation subsidiaries and has not recorded deferred tax liabilities for such earnings.

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The Company recognizes the tax effects of Global Intangible Low-Taxed Income of certain foreign subsidiaries as a period cost.

(p) Concentration of Credit Risk in Financial Instruments

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, time deposits, mutual fund investments, accounts receivable and derivative financial instruments. By their nature, all such financial instruments involve risks including the credit risks of non-performance by counterparties. Pursuant to the Company's investment policy, surplus funds are maintained as cash equivalents and short-term investments, and are invested in highly-rated mutual funds, money market funds and time deposits, placed with highly rated financial institutions to reduce its exposure to market risk with regard to these funds. The Company's exposure to credit risk on account receivable is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. To mitigate this risk the Company evaluates the creditworthiness of its customers in conjunction with its revenue recognition processes as well as through its ongoing collectability assessment processes for accounts receivable. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(q) Fair value measurements

ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability as against assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Company's own credit risk. The fair value hierarchy consists of the following three levels:

- Level I — Quoted prices for identical instruments in active markets.
- Level II — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III — Instruments whose significant value drivers are unobservable.

(r) Leases

The Company determines if an arrangement is a lease at inception of the contract. The Company's assessment is based on whether: (1) the contract involves the use of a distinct identified asset, (2) the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the term of the contract, and (3) the Company has the right to direct the use of the asset. A lease is classified as a finance lease if any one of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset or (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset.

Operating leases are presented within "Operating lease right-of-use assets," "Current portion of operating lease liabilities" and "Operating lease liabilities, less current portion" in the Company's consolidated balance sheets. Long-lived assets underlying finance leases are presented within "Property and equipment" and the current and non-current portion of finance lease liabilities are presented within "Accrued expenses and other current liabilities - others" and "other non-current liabilities - others," respectively, in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease arrangement. Lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets are recognized at commencement date in an amount equal to lease liability, adjusted for any lease prepayments, initial direct costs, and lease incentives. For leases in which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date. The Company determines the incremental borrowing rate by adjusting the benchmark reference rates with appropriate financing spreads applicable to the respective geographies where the leases are entered and lease specific adjustments for the effects of collateral, if applicable. Lease terms includes the effects of options to extend or terminate the lease when it is reasonably certain at commencement of the lease that the Company will exercise that option. Lease expense for operating lease arrangements is recognized on a

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straight-line basis over the lease term reflecting single operating lease cost. The Company evaluates lease agreements to determine lease and non-lease components, which are accounted for separately.

Lease payments that depend on factors other than an index or rate are considered variable lease payments and are excluded from the operating lease assets and liabilities and are recognized as expense in the period in which the obligation is incurred. Lease payments include payments for common area maintenance, utilities such as electricity, heating and water, among others, and property taxes, and other similar payments paid to the landlord, which are treated as non-lease component.

The Company accounts for lease-related concessions in accordance with guidance in Topic 842, *Leases*, to determine, on a lease-by-lease basis, whether the concession provided by lessor should be accounted for as a lease modification.

The Company accounts for a modification as a separate contract when it grants an additional right of use not included in the original lease and the increase is commensurate with the standalone price for the additional right of use, adjusted for the circumstances of the particular contract. Modifications which are not accounted for as a separate contract are reassessed as of the effective date of the modification based on its modified terms and conditions and the facts and circumstances as of that date. Upon modification, the Company remeasures the lease liability to reflect changes to the remaining lease payments and discount rates and recognizes the amount of the remeasurement of the lease liability as an adjustment to the ROU assets. However, if the carrying amount of the ROU assets is reduced to zero as a result of modification, any remaining amount of the remeasurement is recognized as an expense in consolidated statements of income.

The Company reviews ROU assets for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable.

(s) Earnings per share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding, adjusted for outstanding shares that are subject to repurchase during the period. Diluted earnings per share is computed using the weighted average number of common shares issued and outstanding during the period plus the potentially dilutive effect of common stock equivalents, including, outstanding stock options, restricted stock, restricted stock units and employee stock purchase plans. For the purposes of calculating diluted earnings per share, the treasury stock method is used for stock-based awards. The Company includes performance stock unit awards in dilutive potential common shares when they become contingently issuable and have a dilutive impact per authoritative guidance and excludes such awards when they are not contingently issuable.

(t) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recognized when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. A disclosure for a contingent liability is made when there is a possible obligation that may require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Legal costs incurred in connection with such liabilities are expensed as incurred. Capital commitments are disclosed in the financial statements.

(u) Recent Accounting Pronouncements

In October 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative*. This ASU modifies the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to or technical corrections of the current requirements. For entities subject to the SEC’s existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments in this ASU should be applied prospectively. For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.

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The adoption of this ASU will not have a material impact on the Company's consolidated financial statements. The Company will continue to monitor for SEC action, and plan accordingly for adoption.

In December 2023, FASB issued ASU No. 2023-09, *Income Taxes ("Accounting Standards Codification ("ASC") Topic 740), Improvements to Income Tax Disclosures*. This ASU expands disclosures relating to the entity's income tax rate reconciliation, income taxes paid and certain other disclosures related to income taxes. The ASU will be effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In November 2024, FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income ("ASC Topic 220"): Expense Disaggregation Disclosures*. This ASU improves disclosures relating to the disaggregation of income statement expenses, requires additional disclosures about the nature of expenses in commonly presented financial statement captions on an annual and interim basis for all public business entities. The ASU will be effective for annual periods beginning after December 15, 2026, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

(v) Recently Adopted and Applicable Accounting Pronouncements

In November 2023, FASB issued ASU No. 2023-07, *Segment Reporting ("ASC Topic 280"): Improvements to Reportable Segment Disclosures*. This ASU improves reportable segment disclosure requirements for all public entities by requiring disclosure of significant segment expenses that are regularly reviewed by the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss and other segment items. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company has adopted this ASU, the impact of which is reflected in Note 3 - Segment and Geographical Information to the consolidated financial statements.

In March 2024, FASB issued ASU No. 2024-01, *Compensation-Stock Compensation ("ASC Topic 718")*. This ASU clarifies how to evaluate whether profits interest and similar awards given to employees and non-employees are within the scope of share-based payment arrangement under ASC Topic 718. The ASU will be effective for annual periods beginning after December 15, 2024, including interim periods within those years, with early adoption permitted. The Company has early adopted this ASU beginning January 1, 2024. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In March 2024, FASB issued ASU No. 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements*. This ASU contains amendments to the ASC that remove references to various FASB Concepts Statements. The ASU will be effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company has early adopted this ASU beginning January 1, 2024. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

3. Segment and Geographical Information

The Company is a provider of data analytics and digital operations and solutions.

The Company manages and reports financial information through its four reportable segments: Insurance, Healthcare, Analytics and Emerging Business, which reflects how management reviews financial information and makes operating decisions. These business units develop client-specific solutions, build capabilities, maintain a unified go-to-market approach and are integrally responsible for service delivery, customer satisfaction, growth and profitability.

The Company's Chief Executive Officer has been identified as the Chief Operating Decision Maker ("CODM"). The CODM generally reviews financial information such as revenues, cost of revenues and gross profit to allocate an overall budget and measure segment performance.

The CODM uses revenue, cost of revenues and gross profit for each segment predominantly in the annual budgeting and forecasting process. The CODM considers budget-to-actual variances on a quarterly basis for making decisions about the allocation of operating and capital resources to each segment. The CODM also uses segment gross profit for evaluating pricing strategy and performance of each individual segment.

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The August 2024 acquisition of Incandescent Technologies, Inc. (“ITI Data”) is included in the Analytics reportable segment. Refer to Note 10 - Business Combinations, Goodwill and Other Intangible Assets to the consolidated financial statements for further details.

Revenues and cost of revenues for the years ended December 31, 2024, 2023 and 2022, respectively, for each of the reportable segments, are as follows:

	Year ended December 31, 2024				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	\$ 614,028	\$ 116,406	\$ 311,740	\$ 796,198	\$ 1,838,372
Cost of revenues ⁽¹⁾					
Employee costs ⁽²⁾	320,335	63,597	147,316	416,293	947,541
Infrastructure and technology costs	58,415	11,049	29,813	27,582	126,859
Other costs ⁽³⁾	11,600	3,288	4,278	53,793	72,959
Gross profit ⁽¹⁾	<u>\$ 223,678</u>	<u>\$ 38,472</u>	<u>\$ 130,333</u>	<u>\$ 298,530</u>	<u>\$ 691,013</u>
Operating expenses					427,393
Foreign exchange gain, net, interest expense and other income, net					(2,273)
Income tax expense					62,936
Loss from equity-method investment					(114)
Net income					<u>\$ 198,297</u>

(1) Exclusive of depreciation and amortization expense.

(2) Employee costs include restructuring costs of \$607, \$16, \$73 and \$2,382 for Insurance, Healthcare, Emerging Business and Analytics segments respectively. Refer to Note 26 – Restructuring Costs to the consolidated financial statements for further details.

(3) Other costs primarily include travel and entertainment costs and direct expenses related to lead generation and direct marketing business which are a part of analytics business segment.

	Year ended December 31, 2023				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	\$ 529,855	\$ 105,994	\$ 265,692	\$ 729,127	\$ 1,630,668
Cost of revenues ⁽¹⁾					
Employee costs	281,108	56,026	121,278	382,550	840,962
Infrastructure and technology costs	49,633	9,872	25,922	20,046	105,473
Other costs ⁽²⁾	11,044	3,375	3,743	58,305	76,467
Gross profit ⁽¹⁾	<u>\$ 188,070</u>	<u>\$ 36,721</u>	<u>\$ 114,749</u>	<u>\$ 268,226</u>	<u>\$ 607,766</u>
Operating expenses					369,011
Foreign exchange gain, net, interest expense and other income, net					(814)
Income tax expense					53,536
Gain from equity-method investment					153
Net income					<u>\$ 184,558</u>

(1) Exclusive of depreciation and amortization expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)
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(2) Other costs primarily include travel and entertainment costs and direct expenses related to lead generation and direct marketing business which are a part of analytics business segment.

	Year ended December 31, 2022				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	\$ 448,704	\$ 97,351	\$ 218,638	\$ 647,351	\$ 1,412,044
Cost of revenues ⁽¹⁾					
Employee costs	236,963	55,532	101,978	333,876	728,349
Infrastructure and technology costs	41,126	11,889	22,556	19,340	94,911
Other costs ⁽²⁾	9,645	3,530	3,483	56,677	73,335
Gross profit ⁽¹⁾	<u>\$ 160,970</u>	<u>\$ 26,400</u>	<u>\$ 90,621</u>	<u>\$ 237,458</u>	<u>\$ 515,449</u>
Operating expenses					323,287
Foreign exchange gain, net, interest expense and other expense, net					(2,063)
Income tax expense					47,565
Gain from equity-method investment					434
Net income					<u>\$ 142,968</u>

(1) Exclusive of depreciation and amortization expense.

(2) Other costs primarily include travel and entertainment costs and direct expenses related to lead generation and direct marketing business which are a part of analytics business segment.

Revenues, net by service type, were as follows:

	Year ended December 31,		
	2024	2023	2022
Digital operations and solutions ⁽¹⁾	\$ 1,042,174	\$ 901,541	\$ 764,693
Analytics services	796,198	729,127	647,351
Revenues, net	<u>\$ 1,838,372</u>	<u>\$ 1,630,668</u>	<u>\$ 1,412,044</u>

(1) Digital operations and solutions include revenues of the Company's Insurance, Healthcare and Emerging Business reportable segments. Refer to the reportable segment disclosure above.

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The Company attributes the revenues to regions based upon the location of its customers.

	Year ended December 31,		
	2024	2023	2022
Revenues, net			
The United States	\$ 1,518,894	\$ 1,370,707	\$ 1,213,477
Non-United States			
The United Kingdom	215,958	177,479	134,630
Rest of World	103,520	82,482	63,937
Total Non-United States	319,478	259,961	198,567
Revenues, net	<u>\$ 1,838,372</u>	<u>\$ 1,630,668</u>	<u>\$ 1,412,044</u>

Long-lived assets by geographic area, which consist of property and equipment, net and operating lease ROU assets were as follows:

	As of	
	December 31, 2024	December 31, 2023
Long-lived assets		
India	\$ 63,040	\$ 53,813
The United States	52,510	61,592
The Philippines	25,881	21,952
South Africa	23,828	20,890
Rest of World	5,362	6,982
Long-lived assets	<u>\$ 170,621</u>	<u>\$ 165,229</u>

4. Revenues, net and Accounts Receivable, net

Refer to Note 3 - Segment and Geographical Information to the consolidated financial statements for revenues disaggregated by reportable segments and geography.

Contract balances

The following table provides information about accounts receivable, contract assets and contract liabilities from contracts with customers:

	As of	
	December 31, 2024	December 31, 2023
Accounts receivable, net	\$ 304,322	\$ 308,108
Contract assets	\$ 39,700	\$ 9,665
Contract liabilities:		
Deferred revenue (consideration received in advance)	\$ 15,484	\$ 9,764
Consideration received for process transition activities	\$ 21,993	\$ 12,411

Accounts receivable includes \$121,817 and \$148,735 as of December 31, 2024 and 2023, respectively, representing unbilled receivables. The Company has accrued the unbilled receivables for work performed in accordance with the terms of contracts with customers and considers no performance risk associated with its unbilled receivables. Contract assets as of December 31, 2024, includes receivables of \$33,472 from our payment integrity services. There are no performance risks associated with these contract assets.

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There were no significant cumulative catch-up impact or impairment related to contract assets as of December 31, 2024 and 2023.

Revenue recognized during the years ended December 31, 2024 and 2023, which was included in the contract liabilities balance at the beginning of the respective periods:

	Year ended December 31,	
	2024	2023
Deferred revenue (consideration received in advance)	\$ 9,321	\$ 16,967
Consideration received for process transition activities	\$ 2,657	\$ 1,762

Contract acquisition and fulfillment costs

The following table provides details of the Company's contract acquisition and fulfillment costs:

	Contract Acquisition Costs		Contract Fulfillment Costs	
	Year ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Opening Balance	\$ 2,122	\$ 1,095	\$ 24,673	\$ 13,871
Additions	1,240	1,841	15,118	13,605
Amortization	(1,075)	(814)	(3,769)	(2,803)
Closing Balance	\$ 2,287	\$ 2,122	\$ 36,022	\$ 24,673

There was no significant impairment for contract acquisition and contract fulfillment costs as of December 31, 2024 and 2023.

Allowance for expected credit losses

The following table provides information about accounts receivable, net of allowance for expected credit losses:

	As of	
	December 31, 2024	December 31, 2023
Accounts receivable, including unbilled receivables	\$ 307,850	\$ 311,811
Less: Allowance for expected credit losses	(3,528)	(3,703)
Accounts receivable, net	\$ 304,322	\$ 308,108

The movement in "Allowance for expected credit losses" was as follows:

	Year ended December 31,	
	2024	2023
Opening Balance	\$ 3,703	\$ 1,332
Additions/(reductions)	(39)	2,450
Reductions due to write-off of accounts receivable	(135)	(79)
Currency translation adjustments	(1)	—
Closing Balance	\$ 3,528	\$ 3,703

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Customer and credit risk concentration

No single customer accounted for more than 10% of the Company's revenues, net during the years ended December 31, 2024 and 2023. The Company's management believes that the loss of any of its top ten clients could have a material adverse effect on its financial performance.

To reduce credit risk, the Company conducts ongoing credit evaluations of its customers. No customer accounted for more than 10% of accounts receivable, net, as of December 31, 2024 and 2023.

5. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Year ended December 31,		
	2024	2023	2022
Numerators:			
Net income	\$ 198,297	\$ 184,558	\$ 142,968
Denominators:			
Basic weighted average common shares outstanding	162,718,840	166,341,213	166,651,585
Dilutive effect of stock-based awards	1,602,816	1,820,158	2,517,705
Diluted weighted average common shares outstanding	164,321,656	168,161,371	169,169,290
Earnings per share:			
Basic	\$ 1.22	\$ 1.11	\$ 0.86
Diluted	\$ 1.21	\$ 1.10	\$ 0.85
Weighted average potentially dilutive shares considered anti-dilutive and not included in computing diluted earnings per share	2,073,990	1,628,932	2,830

On March 15, 2024, the Company entered into a master confirmation (the "Master Accelerated Share Repurchase Confirmation") and a supplemental confirmation (together with the Master Accelerated Share Repurchase Confirmation, the "2024 ASR Agreement"), with Citibank, N.A. ("Citibank"). Refer to Note 19 - Capital Structure to the consolidated financial statements for further details. During the year ended December 31, 2024, the Company recorded the initial delivery and final settlement of shares in treasury stock, which resulted in an immediate reduction of its outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share.

6. Other Income/(Expense), Net

Other income/(expense), net consists of the following:

	Year ended December 31,		
	2024	2023	2022
Gain on sale and fair value mark-to-market on investments	\$ 5,662	\$ 5,013	\$ 4,907
Interest and dividend income	9,921	8,027	5,229
Fair value changes of contingent consideration ⁽¹⁾	589	(1,900)	(8,250)
Others, net	(80)	(306)	(1,896)
Other income/(expense), net	\$ 16,092	\$ 10,834	\$ (10)

(1) Refer to Note 16 - Fair Value Measurements to the consolidated financial statements for further details.

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7. Cash, Cash Equivalents and Restricted Cash

For the purposes of statements of cash flows, cash, cash equivalents and restricted cash consist of the following:

	As of		
	December 31, 2024	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 153,355	\$ 136,953	\$ 118,669
Restricted cash (current) ⁽¹⁾	9,972	4,062	4,897
Restricted cash (non-current) ⁽²⁾	8,071	4,386	2,055
Cash, cash equivalents and restricted cash	<u>\$ 171,398</u>	<u>\$ 145,401</u>	<u>\$ 125,621</u>

(1) Restricted cash (current) primarily represents funds held on behalf of customers in dedicated bank accounts. The corresponding liability against the same is included under “Accrued Expenses and other current liabilities.” Restricted cash also includes funds held as collateral in a dedicated bank account for irrevocable letters of credit issued in favor of third parties for facility leases.

(2) Restricted cash (non-current) represents deposits with banks against bank guarantees issued through banks in favor of relevant statutory authorities for equipment imports, deposits for obtaining indirect tax registrations and for demands against pending income tax and value added tax (“VAT”) assessments. These deposits with banks will mature one year after the balance sheet date.

8. Investments

Investments consist of the following:

	As of	
	December 31, 2024	December 31, 2023
Short-term investments		
Mutual funds	\$ 108,251	\$ 52,650
Term deposits	78,972	101,231
Total Short-term investments	<u>\$ 187,223</u>	<u>\$ 153,881</u>
Long-term investments		
Term deposits	\$ 9,295	\$ 239
Investment in equity affiliate	4,677	4,191
Total Long-term investments	<u>\$ 13,972</u>	<u>\$ 4,430</u>

Refer to Note 16 - Fair Value Measurements to the consolidated financial statements for further details.

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9. Property and Equipment

Property and equipment consists of the following:

	Estimated useful lives (Years)	As of	
		December 31, 2024	December 31, 2023
Owned Assets:			
Network equipment and computers	3-5	\$ 167,525	\$ 149,975
Software	2-5	105,874	94,279
Leasehold improvements	3-8	45,819	41,933
Office furniture and equipment	3-8	23,898	21,199
Motor vehicles	2-5	635	686
Buildings	30	929	956
Land	—	608	625
Capital work in progress	—	7,504	12,276
		<u>352,792</u>	<u>321,929</u>
Less: Accumulated depreciation and amortization		(252,667)	(222,333)
		<u>\$ 100,125</u>	<u>\$ 99,596</u>
ROU assets under finance leases:			
Network equipment and computers		56	58
Leasehold improvements		587	604
Office furniture and equipment		417	427
Motor vehicles		2,208	1,020
		<u>3,268</u>	<u>2,109</u>
Less: Accumulated depreciation		(1,556)	(1,332)
		<u>\$ 1,712</u>	<u>\$ 777</u>
Property and equipment, net		<u>\$ 101,837</u>	<u>\$ 100,373</u>

During the years ended December 31, 2024 and 2023, there were no material changes in estimated useful lives of property and equipment during the ordinary course of operations.

The depreciation and amortization expense, excluding amortization of acquisition-related intangibles, recognized in the consolidated statements of income was as follows:

	Year ended December 31,		
	2024	2023	2022
Depreciation and amortization expense	\$ 41,589	\$ 35,812	\$ 39,173

Internally developed software costs included in property and equipment was as follows:

	As of	
	December 31, 2024	December 31, 2023
Cost	\$ 60,447	\$ 46,625
Less : Accumulated amortization	(38,243)	(25,413)
Internally developed software, net	<u>\$ 22,204</u>	<u>\$ 21,212</u>

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The amortization expense on internally developed software recognized in the consolidated statements of income was as follows:

	Year ended December 31,		
	2024	2023	2022
Amortization expense	\$ 12,849	\$ 9,282	\$ 5,958

During the years ended December 31, 2024 and 2023, the Company performed an impairment test of its capitalized software for recoverability and determined that the carrying values of certain software were not fully recoverable. The Company recorded impairment charges amounting to \$1,187 and \$nil for the years ended December 31, 2024 and 2023, respectively under "Depreciation and amortization" expense in the consolidated statements of income.

10. Business Combinations, Goodwill and Other Intangible Assets**Incandescent Technologies, Inc.**

On August 1, 2024, the Company, through its wholly owned subsidiary Clairvoyant AI, Inc., completed the acquisition of ITI Data, a Nebraska corporation, pursuant to an equity securities purchase agreement dated July 31, 2024 (the "Purchase Agreement"). The Company purchased 100% of the issued and outstanding equity securities in ITI Data. The ITI Data acquisition is treated as a stock acquisition for tax purposes.

ITI Data is a data management solutions firm that works with the global banks, financial services and healthcare companies. It delivers enterprise business solutions for clients processing significant data volumes with complex data management requirements. The acquisition strengthens the Company's ability to deliver reliable, data-driven insights to its clients and ultimately drive greater value and innovation across their operations.

The Company's purchase price allocation to net tangible and intangible assets of ITI Data as at August 1, 2024 is as follows:

Intangible assets	\$	12,800
Other assets, net		220
Goodwill		15,335
Total purchase consideration ⁽¹⁾	\$	28,355

(1) Includes contingent consideration of \$2,700 recognized at fair value as of the date of acquisition.

In connection with this acquisition, the Company recorded \$12,500 in customer-related intangibles which are being amortized on a straight-line basis (which approximates the economic pattern of benefits) over the estimated weighted average amortization period of 5 years.

The goodwill recognized represents the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with the Company's existing operations. The goodwill has been assigned to the Company's Analytics reportable segment based upon the Company's assessment of nature of services rendered by ITI Data.

The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company's consolidated financial statements with effect from the date of the acquisition. The acquisition did not materially impact the Company's financial position, results of operations or cash flows, and therefore, the Company has not provided any supplemental pro forma results.

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Goodwill

The following table sets forth details of changes in goodwill by reportable segment of the Company:

	Insurance	Healthcare	Emerging Business	Analytics	Total
Balance as of January 1, 2023	\$ 49,929	\$ 21,875	\$ 47,101	\$ 286,732	\$ 405,637
Currency translation adjustments	106	(3)	(100)	(1)	2
Balance as of December 31, 2023	50,035	21,872	47,001	286,731	405,639
Acquisition	—	—	—	22,035	22,035
Measurement period adjustments	—	—	—	(6,700)	(6,700)
Currency translation adjustments	(50)	(5)	(531)	(1)	(587)
Balance as of December 31, 2024	<u>\$ 49,985</u>	<u>\$ 21,867</u>	<u>\$ 46,470</u>	<u>\$ 302,065</u>	<u>\$ 420,387</u>

During the year ended December 31, 2024, the Company recognized measurement period adjustments, which led to decrease in goodwill in an amount of \$6,700. These adjustments primarily relate to a change in fair value of contingent consideration and customer-related intangible assets and did not have any significant impact on “Depreciation and amortization” expense in the consolidated statements of income for the year ended December 31, 2024.

During 2024 and 2023, the Company performed an assessment to determine whether events or circumstances exist that may lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on such assessment, the Company concluded that there was no impairment on goodwill as of December 31, 2024 and 2023.

Other Intangible Assets

Information regarding the Company’s intangible assets is set forth below:

	As of December 31, 2024			As of December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:						
Customer relationships	\$ 108,550	\$ (60,667)	\$ 47,883	\$ 99,050	\$ (51,085)	\$ 47,965
Developed technology	3,529	(3,311)	218	3,552	(2,522)	1,030
Trade names and trademarks	1,700	(1,442)	258	1,400	(1,286)	114
Non-compete agreements	300	(228)	72	336	(181)	155
	<u>114,079</u>	<u>(65,648)</u>	<u>48,431</u>	<u>104,338</u>	<u>(55,074)</u>	<u>49,264</u>
Indefinite-lived intangible assets:						
Trade names and trademarks	900	—	900	900	—	900
Total intangible assets	<u>\$ 114,979</u>	<u>\$ (65,648)</u>	<u>\$ 49,331</u>	<u>\$ 105,238</u>	<u>\$ (55,074)</u>	<u>\$ 50,164</u>

The amortization expense recognized in the consolidated statements of income was as follows:

	Year ended December 31,		
	2024	2023	2022
Amortization expense	\$ 13,630	\$ 14,678	\$ 17,109

During the years ended December 31, 2024 and 2023, the Company performed an impairment test of its intangible assets for recoverability and determined that the carrying values of certain intangible assets were not fully recoverable. The Company

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recorded impairment charges amounting to \$429 and \$nil for the years ended December 31, 2024 and 2023, respectively under “Depreciation and amortization” expense in the consolidated statements of income.

Estimated future amortization expense related to finite-lived intangible assets as of December 31, 2024 was as follows:

2025	\$	13,120
2026		12,783
2027		11,844
2028		9,228
2029		1,456
Total	\$	<u>48,431</u>

11. Other Current Assets

Other current assets consist of the following:

	As of	
	December 31, 2024	December 31, 2023
Advance income tax, net	\$ 49,377	\$ 23,269
Contract assets	36,072	2,830
Prepaid expenses	21,061	18,171
Receivables from statutory authorities	19,407	18,500
Deferred contract fulfillment costs	4,281	3,303
Advances to suppliers	4,009	1,883
Derivative instruments	1,973	4,308
Others	4,137	4,405
Other current assets	<u>\$ 140,317</u>	<u>\$ 76,669</u>

12. Other Assets

Other assets consist of the following:

	As of	
	December 31, 2024	December 31, 2023
Deferred contract fulfillment costs	\$ 31,741	\$ 21,370
Deposits with statutory authorities	7,312	6,960
Lease deposits	6,495	5,159
Contract assets	3,628	6,835
Prepaid expenses	2,775	—
Derivative instruments	852	3,299
Others	3,282	5,901
Other assets	<u>\$ 56,085</u>	<u>\$ 49,524</u>

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13. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	As of	
	December 31, 2024	December 31, 2023
Accrued expenses	\$ 63,548	\$ 58,736
Payable to statutory authorities	22,935	20,591
Client liabilities	9,711	6,909
Derivative instruments	7,454	2,009
Accrued capital expenditures	2,059	4,134
Contingent consideration	1,280	15,000
Income taxes payable, net	284	1,213
Others	6,326	5,521
Accrued expenses and other current liabilities	<u>\$ 113,597</u>	<u>\$ 114,113</u>

14. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	As of	
	December 31, 2024	December 31, 2023
Retirement benefits	\$ 24,795	\$ 16,666
Deferred transition revenue	18,213	10,195
Derivative instruments	4,363	216
Unrecognized tax benefits	1,966	1,262
Contingent consideration	1,420	589
Others	2,816	2,534
Other non-current liabilities	<u>\$ 53,573</u>	<u>\$ 31,462</u>

15. Accumulated Other Comprehensive Income/(Loss)

Accumulated other comprehensive income/(loss) (“AOCI”) consists of actuarial gain/(loss) on retirement benefits and foreign currency translation adjustments. In addition, the Company enters into foreign currency forward contracts and interest rate swaps, which are designated as cash flow hedges and net investment hedges, as applicable, in accordance with ASC Topic 815, *Derivatives and Hedging*. Cumulative changes in the fair values of cash flow hedges are recognized in AOCI on the Company’s consolidated balance sheets. The fair value changes are reclassified from AOCI to consolidated statements of income upon settlement of foreign currency forward contracts designated as cash flow hedges of a forecast transaction, whereas such changes for interest rate swaps are reclassified over the term of the contract. Fair value changes related to net investment hedges are included in AOCI and are reclassified to consolidated statements of income when a foreign operation is disposed or partially disposed. The following table sets forth the changes in AOCI during the years ended December 31, 2024, 2023 and 2022:

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	Accumulated Other Comprehensive Income/(Loss)			
	Currency translation adjustments	Unrealized gain/(loss) on cash flow hedges	Retirement benefits	Total
Balance as of January 1, 2022	\$ (95,437)	\$ 8,420	\$ (2,457)	\$ (89,474)
Gains / (losses) recognized during the year	(47,734)	(27,333)	2,574	(72,493)
Reclassification to net income ⁽¹⁾	—	1,295	592	1,887
Income tax effects ⁽²⁾	10,032	6,315	(410)	15,937
Accumulated other comprehensive income/(loss) as of December 31, 2022	\$ (133,139)	\$ (11,303)	\$ 299	\$ (144,143)
Gains recognized during the year	652	14,403	1,337	16,392
Reclassification to net income ⁽¹⁾	—	5,208	(94)	5,114
Income tax effects ⁽²⁾	(156)	(4,110)	(137)	(4,403)
Accumulated other comprehensive income/(loss) as of December 31, 2023	\$ (132,643)	\$ 4,198	\$ 1,405	\$ (127,040)
Losses recognized during the year	(17,484)	(14,513)	(1,414)	(33,411)
Reclassification to net income ⁽¹⁾	—	(131)	(602)	(733)
Income tax effects ⁽²⁾	3,129	2,898	435	6,462
Accumulated other comprehensive loss as of December 31, 2024	\$ (146,998)	\$ (7,548)	\$ (176)	\$ (154,722)

(1) Refer to Note 17 - Derivatives and Hedge Accounting and Note 20 - Employee Benefit Plans to the consolidated financial statements for reclassification to net income.

(2) These are income tax effects recognized on cash flow hedges, retirement benefits and currency translation adjustments. Refer to Note 22 - Income Taxes to the consolidated financial statements.

16. Fair Value Measurements
Assets and Liabilities Measured at Fair Value

The following table sets forth the Company's assets and liabilities that were recognized at fair value:

As of December 31, 2024	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Assets				
Cash equivalents - Money market funds ⁽¹⁾	\$ 54,925	\$ —	\$ —	\$ 54,925
Mutual funds ⁽²⁾	108,251	—	—	108,251
Derivative financial instruments	—	2,825	—	2,825
Total	\$ 163,176	\$ 2,825	\$ —	\$ 166,001
Liabilities				
Derivative financial instruments	\$ —	\$ 11,817	\$ —	\$ 11,817
Contingent consideration ⁽³⁾	—	—	2,700	2,700
Total	\$ —	\$ 11,817	\$ 2,700	\$ 14,517

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As of December 31, 2023	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Assets				
Cash equivalents - Money market funds ⁽¹⁾	\$ 49,806	\$ —	\$ —	\$ 49,806
Mutual funds ⁽²⁾	52,650	—	—	52,650
Derivative financial instruments	—	7,607	—	7,607
Total	\$ 102,456	\$ 7,607	\$ —	\$ 110,063
Liabilities				
Derivative financial instruments	\$ —	\$ 2,225	\$ —	\$ 2,225
Contingent consideration ⁽³⁾	—	—	15,589	15,589
Total	\$ —	\$ 2,225	\$ 15,589	\$ 17,814

(1) Represents money market funds which are carried at the fair value option under ASC Topic 825 “Financial Instruments”.

(2) Represents those short-term investments which are carried at the fair value option under ASC Topic 825 “Financial Instruments”.

(3) Contingent consideration is presented under “Accrued Expenses and Other Current Liabilities” and “Other Non-Current Liabilities,” as applicable, in the consolidated balance sheets.

Fair Value of Derivative Financial Instruments:

The Company’s derivative financial instruments consist of foreign currency forward contracts and interest rate swaps. Fair values for derivative financial instruments are based on independent sources including highly rated financial institutions and are classified as Level 2. Refer to Note 17 - Derivatives and Hedge Accounting to the consolidated financial statements for further details.

Fair Value of Contingent Consideration:

The fair value measurement of contingent consideration is determined using Level 3 inputs. The Company’s contingent consideration represents a component of the total purchase consideration for business acquisitions. The measurement is calculated using unobservable inputs based on the Company’s own assessment of achievement of certain performance goals. The Company estimated the fair value of the contingent consideration based on the Monte Carlo simulation model.

The following table summarizes the changes in the fair value of contingent consideration:

	Year ended December 31,	
	2024	2023
Opening balance	\$ 15,589	\$ 18,689
Acquisitions	2,700	—
Fair value changes	(589)	1,900
Payments	(15,000)	(5,000)
Closing balance	\$ 2,700	\$ 15,589

During the years ended December 31, 2024 and 2023, there were no transfers among Level 1, Level 2 and Level 3.

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Financial Instruments Not Carried at Fair Value:

The Company's other financial instruments not carried at fair value consist primarily of cash and cash equivalents (except investments in money market funds, as disclosed above), short-term investments (except investments in mutual funds, as disclosed above), restricted cash, accounts receivable, net, long-term investments, accrued capital expenditures, accrued expenses, client liabilities and interest payable on borrowings for which fair values approximate their carrying amounts. The carrying value of the Company's outstanding revolving credit facility approximates its fair value because the Company's interest rate yield is near current market rates for comparable debt instruments.

17. Derivatives and Hedge Accounting

The Company uses derivative instruments to mitigate cash flow volatility from risk of fluctuations in foreign currency exchange rates and interest rates. The Company enters into foreign currency forward contracts to hedge cash flow risks from forecasted transactions denominated in certain foreign currencies, and interest rate swaps to hedge cash flow risks from its revolving credit facility having variable interest rate obligations. These contracts qualify as cash flow hedges under ASC Topic 815, *Derivatives and Hedging*, and are with counterparties that are highly rated financial institutions.

The following table sets forth the aggregate notional amount of derivatives in cash flow hedging relationship:

	As of	
	December 31, 2024	December 31, 2023
Foreign currency forward contracts denominated in:		
Sell U.S. dollar (USD)	984,300	722,800
Interest rate swaps (Floating to fixed) denominated in:		
USD	—	75,000

The Company estimates that approximately \$5,693 of derivative losses, net, excluding tax effects, included in AOCI, representing changes in the value of cash flow hedges based on exchange rates prevailing as of December 31, 2024, could be reclassified into earnings within the next twelve months. As of December 31, 2024, the maximum outstanding term of the cash flow hedges was approximately 45 months.

The Company also enters into foreign currency forward contracts to hedge its intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies, against the risk of fluctuations in foreign currency exchange rates associated with remeasurement of such assets and liabilities to functional currency. These foreign currency forward contracts do not qualify as fair value hedges under ASC Topic 815, *Derivatives and Hedging*. Changes in the fair value of these financial instruments are recognized in the consolidated statements of income and are included in the foreign exchange gain/(loss) line item. The Company's primary exchange rate exposure is with the Indian rupee (INR), the Philippine peso (PHP), the U.K. pound sterling (GBP) and South African rand (ZAR). The Company also has exposure to the Colombian peso (COP), the Euro (EUR), the Australian dollar (AUD), the Canadian dollar (CAD) and other local currencies in which it operates.

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The following table sets forth the aggregate notional principal amounts of outstanding foreign currency forward contracts for derivatives not designated as hedging instruments:

Foreign currency forward contracts denominated in:	As of	
	December 31, 2024	December 31, 2023
Sell USD	179,491	170,543
Sell GBP	20,956	14,544
Sell EUR	9,008	5,231
Sell AUD	4,770	3,452
Sell ZAR	10,006	150,150
Buy USD	588	—

The following table sets forth the fair value of the foreign currency forward contracts and interest rate swaps and their location on the consolidated balance sheets:

	Derivatives in cash flow hedging relationships		Derivatives not designated as hedging instruments	
	As of		As of	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Assets:				
Other current assets	\$ 1,711	\$ 4,216	\$ 262	\$ 92
Other assets	\$ 852	\$ 3,299	\$ —	\$ —
Liabilities:				
Accrued expenses and other current liabilities	\$ 7,404	\$ 1,859	\$ 50	\$ 150
Other non-current liabilities	\$ 4,363	\$ 216	\$ —	\$ —

The following table sets forth the effect of foreign currency forward contracts and interest rate swaps on AOCI and the consolidated statements of income:

Derivative financial instruments:	Year ended December 31,		
	2024	2023	2022
Unrealized gain/(loss) recognized in OCI			
Derivatives in cash flow hedging relationships	\$ (14,513)	\$ 14,403	\$ (27,333)
Gain/(loss) recognized in consolidated statements of income			
Derivatives not designated as hedging instruments	\$ (3,110)	\$ 296	\$ (9,571)

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The following table sets forth the location and amount of gain/(loss) recognized in consolidated statements of income for derivatives in cash flow hedging relationships and derivatives not designated as hedging instruments:

	Year ended December 31,					
	2024		2023		2022	
	As per consolidated statements of income	Gain/(loss) on derivative financial instruments	As per consolidated statements of income	Gain/(loss) on derivative financial instruments	As per consolidated statements of income	Gain/(loss) on derivative financial instruments
Derivatives in cash flow hedging relationships						
Location in consolidated statements of income where gain/(loss) was reclassified from AOCI						
Cost of revenues	\$ 1,147,359	\$ (722)	\$ 1,022,902	\$ (5,180)	\$ 896,595	\$ (1,304)
General and administrative expenses	\$ 225,672	110	\$ 198,294	(454)	\$ 169,016	141
Selling and marketing expenses	\$ 146,502	18	\$ 120,227	(40)	\$ 97,989	10
Depreciation and amortization expense	\$ 55,219	2	\$ 50,490	(236)	\$ 56,282	(32)
Interest expense	\$ 19,256	723	\$ 13,180	702	\$ 8,252	(110)
Total before tax		131		(5,208)		(1,295)
Income tax effects on above		(339)		797		(455)
Net of tax		<u>\$ (208)</u>		<u>\$ (4,411)</u>		<u>\$ (1,750)</u>
Derivatives not designated as hedging instruments						
Location in consolidated statements of income where gain/(loss) was recognized						
Foreign exchange gain/(loss), net	\$ 891	\$ (3,110)	\$ 1,532	\$ 296	\$ 6,199	\$ (9,571)

18. Borrowings

The following tables summarizes the Company's debt position:

	As of					
	December 31, 2024			December 31, 2023		
	Revolving credit facility	Term loan facility	Total	Revolving credit facility	Term loan facility	Total
Current portion of long-term borrowings	\$ —	\$ 5,000	\$ 5,000	\$ 65,000	\$ —	\$ 65,000
Unamortized debt issuance costs	—	(114)	(114)	—	—	—
Total current portion of long-term borrowings	—	4,886	4,886	65,000	—	65,000
Long-term borrowings	190,000	93,750	283,750	135,000	—	135,000
Unamortized debt issuance costs	—	(152)	(152)	—	—	—
Total long-term borrowings	190,000	93,598	283,598	135,000	—	135,000
Total borrowings	<u>\$ 190,000</u>	<u>\$ 98,484</u>	<u>\$ 288,484</u>	<u>\$ 200,000</u>	<u>\$ —</u>	<u>\$ 200,000</u>

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Unamortized debt issuance costs for the Company's revolving credit facility of \$895 and \$903 as of December 31, 2024 and 2023, respectively, are presented under "Other current assets" and "Other assets," as applicable, in the consolidated balance sheets.

Credit Agreement

The Company held a \$300,000 revolving credit facility pursuant to its credit agreement (the "Credit Agreement"), dated as of November 21, 2017 with certain lenders and Citibank N.A. as Administrative Agent, which was amended and restated on April 18, 2022 (the "2022 Credit Agreement"). Among other things, the 2022 Credit Agreement (a) provides for the issuance of new revolving credit commitments such that the aggregate amount of revolving credit commitments available as of April 18, 2022 to the Company is equal to \$400,000; and (b) extends the maturity date of the revolving credit facility from November 21, 2022 to April 18, 2027.

On August 9, 2024, the Company and each of the Company's wholly owned material domestic subsidiaries entered into a First Amendment to Amended and Restated Credit Agreement with Citibank, N.A., as Administrative Agent, and certain lenders (the "2024 Credit Agreement"), pursuant to which the parties thereto amended and restated the 2022 Credit Agreement. Among other things, the 2024 Credit Agreement (a) provides for a \$100,000 increase to the revolving credit commitments such that the aggregate amount of revolving credit commitments available as of August 9, 2024 to the Company is equal to \$500,000; and (b) provides for the issuance of a new term loan facility in the aggregate amount of \$100,000 with an annual prepayment amount of 5%. The increased revolving credit facility and the new term loan facility both mature on April 18, 2027.

The 2024 Credit Agreement includes a letter of credit sub facility and is voluntarily pre-payable from time to time without premium or penalty. Borrowings under the revolving credit facility can be used for working capital and general corporate purposes, including permitted acquisitions. Borrowings of \$100,000 under the term loan facility (which was drawn based on adjusted SOFR) were used to repay the borrowings outstanding under the revolving credit facility on August 9, 2024.

Obligations under the 2024 Credit Agreement are guaranteed by the Company's wholly-owned material domestic subsidiaries and are secured by all or substantially all of the Company's and its material domestic subsidiaries' assets. The 2024 Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on the ability to incur indebtedness, create liens, make certain investments, make certain dividends and distributions, enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions and dispose of certain assets or subsidiaries. In addition, the 2024 Credit Agreement contains a covenant to not permit the interest coverage ratio or the total net leverage ratio for the four consecutive quarter period ending on the last day of each fiscal quarter, to be less than 3.0 to 1.0 or more than 3.5 to 1.0, respectively.

The 2024 Credit Agreement bears interest at a rate equal to specified prime rate (alternate base rate) or adjusted SOFR, plus, in each case, an applicable margin. The applicable margin on the revolving credit facility is tied to the Company's total net leverage ratio and ranges from 0% to 0.75% per annum on loans pegged to the specified prime rate, and 0.875% to 1.75% per annum on loans pegged to the adjusted SOFR. The applicable margin on the term loan facility is also tied to the Company's total net leverage ratio and ranges from 0.125% to 1.00% per annum on loans pegged to the specified prime rate, and 1.125% to 2.00% per annum on loans pegged to the adjusted SOFR. The revolving credit commitments under the 2024 Credit Agreement are subject to a commitment fee which is also tied to the Company's total net leverage ratio, and ranges from 0.125% to 0.275% per annum on the average daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations.

The effective interest rates of the revolving credit facility and the term loan facility are as follows:

	Year ended December 31,		
	2024	2023	2022
Revolving credit facility	6.3 %	6.3 %	2.9 %
Term loan facility	6.5 %	— %	— %

As of December 31, 2024 and 2023, the Company was in compliance with the financial covenants under the 2024 Credit Agreement.

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The maturity profile of the Company's long-term borrowings, excluding debt issuance costs, outstanding as of December 31, 2024 was as follows:

	Revolving credit facility	Term loan facility
2025	\$ —	\$ 5,000
2026	—	5,000
2027	190,000	88,750
Total	<u>\$ 190,000</u>	<u>\$ 98,750</u>

Letters of Credit

In the ordinary course of business, the Company provides standby letters of credit to third parties primarily for facility leases. As of December 31, 2024 and 2023, the Company had outstanding letters of credit of \$761 and \$461, respectively, that were not recognized in the consolidated balance sheets.

19. Capital Structure*Common Stock*

The Company has one class of common stock outstanding. Holders of the Company's common stock are entitled to one vote per share. Upon the liquidation or dissolution of the Company, its common stockholders are entitled to receive a ratable share of the available net assets of the Company after payment of all debts and other liabilities. The Company's shares of common stock have no preemptive, subscription, redemption or conversion rights.

Share Repurchases

The Company purchased shares of its common stock from certain employees in connection with withholding tax payments related to the vesting of restricted stock units and performance-based restricted stock units, as below:

	Shares repurchased	Total consideration	Weighted average purchase price per share
Twelve months ended December 31, 2024	303,836	\$ 10,266	\$ 33.79
Twelve months ended December 31, 2023	237,047	\$ 7,853	\$ 33.13
Twelve months ended December 31, 2022	164,080	\$ 4,121	\$ 25.12

(1) The weighted average purchase price per share is based on the closing price of the Company's common stock on the Nasdaq Global Select Market on the trading day prior to the applicable vesting date of the restricted stock units.

On October 5, 2021, the Company's board of directors authorized a \$300,000 (excluding excise tax) common stock repurchase program beginning January 1, 2022 (the "2022 Repurchase Program"), and terminated the 2019 Repurchase Program on December 31, 2021.

On February 26, 2024, the Company's board of directors authorized a \$500,000 (excluding excise tax) common stock repurchase program beginning March 1, 2024 (the "2024 Repurchase Program"), and terminated the 2022 Repurchase Program on February 29, 2024.

On March 15, 2024, the Company entered into a 2024 ASR Agreement with Citibank to repurchase shares of its common stock for an aggregate purchase price of \$125,000, as part of the Company's 2024 Repurchase Program. Upon payment of the aggregate purchase price of \$125,000, the Company received an initial delivery of 3,350,084 shares of its common stock at an initial price of \$29.85 per share, representing 80% of the aggregate purchase price. The Company funded the repurchase with available cash on hand and borrowing from its revolving credit facility. The 2024 ASR Agreement was accounted for as a treasury stock transaction and forward stock purchase agreement indexed to the Company's common stock. The forward stock purchase agreement was classified as an equity instrument under ASC Topic 815-40, Contracts in Entity's Own Equity, and

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deemed to have a fair value of zero at the effective date. The prepayment of \$25,000 was initially recorded in additional paid-in capital, which reflected the pending settlement of the 2024 ASR Agreement. Under the terms of the 2024 ASR Agreement, the ultimate number of shares of Common Stock that the Company repurchased was based on the average of the daily volume-weighted average prices of the Common Stock during the term of the 2024 ASR Agreement, less a discount and subject to adjustments pursuant to the terms and conditions of the 2024 ASR Agreement.

On July 19, 2024, upon final settlement of the 2024 ASR Agreement, the Company received 820,433 additional shares of its common stock based on a daily volume-weighted average price of \$29.97 per share during the term of the 2024 ASR Agreement. The additional shares received were recorded as treasury stock at a fair market value of \$33.96 per share, and \$2,862 was recorded in additional paid-in capital.

Under the Company's two repurchase programs, shares may be purchased by the Company from time to time from the open market and through private transactions, or otherwise, as determined by the Company's management as market conditions warrant. Repurchases may be discontinued at any time by the management.

The Company purchased shares of its common stock, for a total consideration including commissions but excluding excise tax, under its two repurchase programs, as below:

	Shares repurchased	Total consideration	Weighted average purchase price per share
Twelve months ended December 31, 2024	6,273,381	\$ 196,524	\$ 31.33
Twelve months ended December 31, 2023	4,127,451	\$ 125,416	\$ 30.39
Twelve months ended December 31, 2022	2,519,290	\$ 68,521	\$ 27.20

Repurchased shares have been recorded as treasury shares and will be held until the Company's board of directors designates that these shares be retired or used for other purposes.

Pursuant to the Inflation Reduction Act, effective January 1, 2023, the Company is required to pay a 1% excise tax on the fair market value of each share of common stock repurchased, net of stock issuances. The Company recognized excise tax of \$1,096 and \$218 on repurchase of common stock as a part of cost of such repurchases for the years ended December 31, 2024 and 2023, respectively.

Dividends

The Company has not paid or declared any cash dividends on its common stock during the years ended December 31, 2024, 2023 and 2022. The Company's borrowings under its revolving credit facility could restrict its ability to declare or make any dividends or similar distributions.

20. Employee Benefit Plans

The Company's Gratuity Plan in India (the "India Plan") provides for a lump sum payment to vested employees on retirement or upon termination of employment in an amount based on the respective employee's salary and years of employment with the Company. In addition, the Company's subsidiary operating in the Philippines conforms to the minimum regulatory benefit, which provide for lump sum payment to vested employees on retirement from employment in an amount based on the respective employee's salary and years of employment with the Company (the "Philippines Plan"). Liabilities with regard to the India Plan and the Philippines Plan are determined by actuarial valuation using the projected unit credit method. Current service costs for these plans are accrued in the year to which they relate. Actuarial gains or losses or prior service costs, if any, resulting from amendments to the plans are recognized and amortized over the remaining period of service of the employees.

The India Plan is partially funded whereas the Philippines Plan is unfunded. The Company makes annual contributions to the India Plan established with insurance companies. Fund managers manage these funds and calculate the annual contribution required to be made by the Company and manage the India Plan, including any required payouts. These funds are managed on a cash accumulation basis, inclusive of interest which is declared periodically. The Company earned a return of approximately 7.2% per annum on the India Plan for the year ended December 31, 2024.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

The benefit obligation has been measured as of December 31, 2024 and 2023. The following table sets forth the activity and the funded status of the gratuity plans and the amounts recognized in the Company's consolidated financial statements:

	2024	2023
Change in projected benefit obligation		
Projected benefit obligation as of January 1	\$ 24,237	\$ 21,531
Service cost	4,429	3,799
Interest cost	1,552	1,569
Benefits paid	(1,465)	(1,382)
Prior service cost	2	—
Acquisition adjustments	398	—
Actuarial loss/(gain) ⁽¹⁾	1,546	(1,166)
Effect of exchange rate changes	(845)	(114)
Projected benefit obligation as of December 31	<u>\$ 29,854</u>	<u>\$ 24,237</u>
Change in plan assets		
Plan assets as of January 1	\$ 17,134	\$ 14,449
Actual return	1,369	1,220
Employer contribution	3,353	2,913
Benefits paid ⁽²⁾	(1,338)	(1,343)
Effect of exchange rate changes	(555)	(105)
Plan assets as of December 31	<u>\$ 19,963</u>	<u>\$ 17,134</u>
Unfunded status as of December 31	<u>\$ 9,891</u>	<u>\$ 7,103</u>
Unfunded amount recognized in the consolidated balance sheets		
Non-current liability (included under other non-current liabilities)	\$ 9,555	\$ 6,925
Current liability (included under accrued employee costs)	336	178
Total accrued liability	<u>\$ 9,891</u>	<u>\$ 7,103</u>
Accumulated benefit obligation as of December 31	\$ 20,181	\$ 16,655
Plan assets in excess/(shortfall) of accumulated benefit obligation as of December 31	\$ (218)	\$ 479

(1) During the years ended December 31, 2024 and 2023, actuarial gain was driven by changes in actuarial assumptions, offset by experience adjustments on present value of benefit obligations.

(2) Benefits payments were substantially made through the plan assets during the years ended December 31, 2024 and 2023.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

Components of net periodic benefit costs recognized in consolidated statements of income and actuarial (gain)/loss reclassified from AOCI, were as follows:

	Year ended December 31,		
	2024	2023	2022
Service cost	\$ 4,429	\$ 3,799	\$ 3,770
Interest cost	1,552	1,569	1,232
Expected return on plan assets	(1,237)	(1,048)	(872)
Amortization of actuarial (gain)/loss, gross of tax	(602)	(94)	592
Net gratuity cost	\$ 4,142	\$ 4,226	\$ 4,722
Amortization of actuarial (gain)/loss, gross of tax	\$ (602)	\$ (94)	\$ 592
Income tax effects on above	33	(74)	(179)
Amortization of actuarial (gain)/loss, net of tax	\$ (569)	\$ (168)	\$ 413

The components of retirement benefits included in AOCI, excluding tax effects, were as follows:

	As of December 31,		
	2024	2023	2022
Net actuarial gain/(loss)	\$ (1,239)	\$ 777	\$ (462)
Net prior service cost	(4)	(5)	(8)
Amount recognized in AOCI, excluding tax effects	\$ (1,243)	\$ 772	\$ (470)

The weighted average actuarial assumptions used to determine benefit obligations and net gratuity cost were:

	Year ended December 31,		
	2024	2023	2022
Discount rate	6.9 %	7.1 %	7.3 %
Rate of increase in compensation levels	7.3 %	7.0 %	7.8 %
Expected long-term rate of return on plan assets per annum	7.3 %	7.3 %	7.3 %

The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are either based on current market yields on government securities or yields on government securities adjusted for a suitable risk premium, if available.

Expected benefit payments during the year ending December 31,	
2025	\$ 3,916
2026	\$ 3,943
2027	\$ 4,229
2028	\$ 3,657
2029	\$ 3,401
2030 to 2033	\$ 12,899

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

The Company maintains several 401(k) plans (the “401(k) Plans”) under Section 401(k) of the Internal Revenue Code of 1986, as amended (the “Code”), covering all eligible employees, as defined in the Code as a defined contribution plan. The Company may make discretionary contributions of up to a maximum of 3.0% of employee compensation within certain limits.

The Company’s contributions to various defined contribution plans was as follows:

	Year ended December 31,		
	2024	2023	2022
Contribution to the 401(k) Plans	\$ 6,325	\$ 5,967	\$ 5,205
Contributions to the defined contribution plans in foreign subsidiaries of the Company	\$ 28,070	\$ 23,045	\$ 18,215

21. Leases

The Company conducts its operations using facilities leased under operating lease agreements that expire at various dates. The Company finances its use of certain motor vehicles and other equipment under various lease arrangements provided by financial institutions. The lease agreements do not contain any covenants to impose any restrictions except for market-standard practice for similar lease arrangements.

The Company had performed an evaluation of its contracts with suppliers in accordance with ASC Topic 842, *Leases*, and had determined that, except for leases for office facilities, motor vehicles and other equipment as described above, none of the Company’s contracts contain a lease.

Supplemental balance sheet information

	As of	
	December 31, 2024	December 31, 2023
Operating Lease		
Operating lease ROU assets	\$ 68,784	\$ 64,856
Operating lease liabilities - Current	\$ 16,491	\$ 12,780
Operating lease liabilities - Non-current	59,851	58,175
Total operating lease liabilities	\$ 76,342	\$ 70,955
Finance Lease		
Property and equipment, gross	\$ 3,268	\$ 2,109
Accumulated depreciation	(1,556)	(1,332)
Property and equipment, net	\$ 1,712	\$ 777
Finance lease liabilities - Current	\$ 435	\$ 191
Finance lease liabilities - Non-current	1,349	613
Total finance lease liabilities	\$ 1,784	\$ 804

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

The components of lease cost, which are included in the Company's consolidated statements of income, are as follows:

	Year ended December 31,		
	2024	2023	2022
Finance lease:			
Depreciation on underlying ROU assets	\$ 382	\$ 181	\$ 151
Interest on lease liabilities	196	90	59
	578	271	210
Operating lease⁽¹⁾	21,764	20,188	21,783
Variable lease costs	4,490	4,374	5,033
Sublease income	(122)	—	—
Total lease cost	\$ 26,710	\$ 24,833	\$ 27,026

(1) Includes short-term leases, which are immaterial.

Supplemental cash flow and other information related to leases are as follows:

	Year ended December 31,		
	2024	2023	2022
Cash payments for amounts included in the measurement of lease liabilities :			
Operating cash outflows for operating leases	\$ 20,489	\$ 20,181	\$ 23,227
Operating cash outflows for finance leases	\$ 196	\$ 90	\$ 59
Financing cash outflows for finance leases	\$ 326	\$ 169	\$ 142
ROU assets obtained in exchange for new operating lease liabilities	\$ 20,518	\$ 24,880	\$ 734
ROU assets obtained in exchange for new finance lease liabilities	\$ 1,325	\$ 461	\$ 312
Weighted average remaining lease term (in years)			
Finance lease	3.3 years	3.1 years	2.8 years
Operating lease	4.9 years	5.5 years	5.9 years
Weighted average discount rate			
Finance lease	15.1%	14.6%	14.3%
Operating lease	8.0%	7.7%	6.8%

As part of the Company's efforts to optimize its existing network of operations centers, the Company continued to evaluate its office facilities to determine where it can exit or consolidate its use of office space. The Company modified certain of its operating leases, resulting in an increase of its lease liabilities by \$3,372 and \$8,805, during the year ended December 31, 2024 and 2023, respectively, with a corresponding adjustment to ROU assets.

As of December 31, 2024 and 2023, the Company did not have any significant leases that have not yet commenced but that create significant rights and obligations for the Company.

There was no impairment of ROU assets as of December 31, 2024 and 2023.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

Maturities of lease liabilities as of December 31, 2024 were as follows:

	Operating Leases	Finance Leases
2025	\$ 22,028	\$ 671
2026	20,434	631
2027	17,918	527
2028	15,191	353
2029	6,370	175
2030 and thereafter	11,931	—
Total lease payments	93,872	2,357
Less: Imputed interest	17,530	573
Present value of lease liabilities	\$ 76,342	\$ 1,784

Maturities of lease liabilities as of December 31, 2023 were as follows:

	Operating Leases	Finance Leases
2024	\$ 17,806	\$ 297
2025	16,878	256
2026	16,220	222
2027	13,712	191
2028	10,132	98
2029 and thereafter	14,018	—
Total lease payments	88,766	1,064
Less: Imputed interest	17,811	260
Present value of lease liabilities	\$ 70,955	\$ 804

22. Income Taxes

The components of income/(loss) before income taxes consist of the following:

	Year ended December 31,		
	2024	2023	2022
Domestic	\$ 72,286	\$ 100,905	\$ 80,949
Foreign	189,061	137,036	109,150
	\$ 261,347	\$ 237,941	\$ 190,099

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

Income tax expense/(benefit) consists of the following:

	Year ended December 31,		
	2024	2023	2022
Current provision:			
Domestic	\$ 41,230	\$ 51,450	\$ 43,416
Foreign	41,591	33,828	23,701
	<u>\$ 82,821</u>	<u>\$ 85,278</u>	<u>\$ 67,117</u>
Deferred provision/(benefit):			
Domestic	\$ (19,172)	\$ (32,024)	\$ (17,624)
Foreign	(713)	282	(1,928)
	<u>(19,885)</u>	<u>(31,742)</u>	<u>(19,552)</u>
Income tax expense	<u>\$ 62,936</u>	<u>\$ 53,536</u>	<u>\$ 47,565</u>

Deferred income taxes recognized in OCI were as follows:

	Year ended December 31,		
	2024	2023	2022
Deferred taxes benefit / (expense) recognized on:			
Unrealized gain/(loss) on cash flow hedges	\$ 2,559	\$ (3,313)	\$ 5,860
Reclassification adjustment for cash flow hedges	339	(797)	455
Retirement benefits	402	(63)	(231)
Reclassification adjustment for retirement benefits	33	(74)	(179)
Currency translation adjustments	3,129	(156)	10,032
Total	<u>\$ 6,462</u>	<u>\$ (4,403)</u>	<u>\$ 15,937</u>

The effective income tax rate differs from the amount computed by applying the U.S. federal statutory income tax rate to income before income taxes approximately as follows:

	Year ended December 31,		
	2024	2023	2022
Expected tax expense	\$ 54,883	\$ 49,968	\$ 39,921
Foreign tax rate differential	1,164	5,333	(1,136)
Unrecognized tax benefits	704	(187)	273
State taxes, net of Federal taxes	10,724	11,640	7,730
Non-deductible expenses	10,330	8,655	10,087
Excess tax benefit on stock-based compensation	(9,714)	(15,055)	(5,881)
Research and development credits	(5,257)	(5,350)	(2,733)
Others	102	(1,468)	(696)
Tax expense	<u>\$ 62,936</u>	<u>\$ 53,536</u>	<u>\$ 47,565</u>

The effective tax rate increased from 22.5% during the year ended December 31, 2023 to 24.1% during the year ended December 31, 2024. The Company recorded income tax expense of \$62,936 and \$53,536 for the years ended December 31, 2024 and 2023, respectively. The increase in income tax expense was primarily as a result of higher profit, increase in non-deductible expenses and lower excess tax benefits related to stock-based compensation, partially offset by decrease in foreign tax rate differential during the year ended December 31, 2024 compared to the year ended December 31, 2023.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

During the year ended December 31, 2024, some of the Company's foreign subsidiaries repatriated \$38,161 (net of \$2,649 withholding taxes) to the United States. As of December 31, 2024, and December 31, 2023, accumulated net earnings generated by our foreign operations were approximately \$658,454 and \$546,828 respectively, of which \$635,396 and \$546,828 respectively, are indefinitely reinvested. Because most of the accumulated net earnings generated by our foreign operations has already been taxed for U.S. federal and state income tax purposes, any additional taxes due with respect to the repatriation of such earnings would generally be limited to the tax effect of currency gains or losses recognized on repatriation and foreign withholding taxes.

The components of the deferred tax balances were as follows:

	As of	
	December 31, 2024	December 31, 2023
Deferred tax assets:		
Tax credit carry forwards	\$ 8,058	\$ 9,954
Depreciation and amortization expense	18,178	14,569
Capitalized research and development expenses	54,844	47,276
Stock-based compensation	10,902	8,506
Accrued employee costs and other expenses	33,897	21,670
Net operating loss carry forwards	281	212
Net unrealized foreign exchange loss	20,242	15,447
Right-of-use assets	20,125	19,042
Others	339	414
	166,866	137,090
Valuation allowance	(3,172)	(482)
Deferred tax assets	\$ 163,694	\$ 136,608
Deferred tax liabilities:		
Intangible assets	\$ 29,883	\$ 27,095
Net unrealized gain on investments	4,018	3,704
Capitalized costs	7,665	5,999
Lease liability	16,586	16,188
Others	2,198	2,190
Deferred tax liabilities	\$ 60,350	\$ 55,176
Net deferred tax assets	\$ 103,344	\$ 81,432

Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective tax bases and operating loss carry forwards. The Company performed an analysis of the realizability of deferred tax assets as of December 31, 2024, and 2023, and recorded a valuation allowance of \$3,172 and \$482, respectively.

The Company has state research and development tax credit carryforwards as of December 31, 2024 of \$4,083 (tax effected \$3,226, net of federal benefit) that will expire by 2034, if not utilized. The Company has state net operating loss carryforwards as of December 31, 2024 of \$5,515 (tax effected \$281, net of federal benefit) of which \$4,992 (tax effected \$174, net of federal benefit) is allowed to be carried forward indefinitely and the balance will expire by 2039, if not utilized.

The Company's income tax expense also includes provisions established for uncertain income tax positions determined in accordance with ASC Topic 740, *Income Taxes*. The Company monitors and adjusts these reserves in light of changing facts and circumstances. To the extent that the final tax outcome of these matters differs from the amounts recorded, such differences will impact the income tax expense in the period in which such determination is made.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

The following table summarizes the activity related to the unrecognized tax benefits:

	Year ended December 31,		
	2024	2023	2022
Balance as of January 1	\$ 1,262	\$ 1,449	\$ 1,068
Additions based on tax positions related to the current year	561	423	223
Additions based on tax positions of prior years	316	112	158
Reductions for tax positions due to lapse of statutes of limitations	(173)	(722)	—
Balance as of December 31	\$ 1,966	\$ 1,262	\$ 1,449

The unrecognized tax benefits as of December 31, 2024 of \$1,966, if recognized, would impact the effective tax rate.

For the years ended December 31, 2024 and 2023, the Company has not accrued interest and penalties relating to unrecognized tax benefits.

23. Stock-Based Compensation

On June 15, 2018, at the Company's 2018 Annual Meeting of Stockholders, the Company's stockholders approved the 2018 Omnibus Incentive Plan, which among other things, reserves 15,875,000 shares of the Company's common stock for grants of awards under the 2018 Omnibus Incentive Plan. As of December 31, 2024 and 2023, the Company had 1,813,592 and 4,096,102 shares, respectively, available for grant under the 2018 Omnibus Incentive Plan.

Under the 2018 Omnibus Incentive Plan, the Compensation and Talent Management Committee (the "Committee") may grant awards of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, stock bonus awards, performance-based compensation awards (including cash bonus awards and market condition based awards) or any combination of the foregoing.

The Committee determines which employees are eligible to receive the equity awards, the number of equity awards to be granted, the exercise price, the vesting period and the exercise period. The vesting period for the equity award issued is determined on the date of the grant and is non-transferable during the life of the equity award. Stock options have a contractual period of ten years from the date of grant and vest ratably over four years. Restricted stock units generally vest proportionally over a period of four years from the date of grant, unless specified otherwise.

Stock-based compensation expense by nature of function, as below, are included in the consolidated statements of income:

	Year ended December 31,		
	2024	2023	2022
Cost of revenues	\$ 15,762	\$ 14,686	\$ 11,535
General and administrative expenses	28,612	21,574	20,016
Selling and marketing expenses	28,284	22,177	17,815
Total	\$ 72,658	\$ 58,437	\$ 49,366
Income tax benefit related to stock-based compensation ⁽¹⁾	\$ 17,576	\$ 17,333	\$ 9,785

(1) Includes \$9,714, \$15,055 and \$5,881 during the years ended December 31, 2024, 2023 and 2022, respectively, related to discrete benefits recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

Stock Options

Stock option activity under the Company's stock-based compensation plans is shown below:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (Years)
Outstanding as of December 31, 2023	1,790,695	\$ 30.14	\$ 1,278	9.
Granted	—	—	—	—
Exercised	(22,390)	30.14	274	—
Forfeited	—	—	—	—
Outstanding as of December 31, 2024	1,768,305	\$ 30.14	\$ 25,187	8.
Vested and exercisable as of December 31, 2024	425,265	\$ 30.14	\$ 6,058	8.
Weighted average grant date fair value of per unit of stock option granted during the period	\$ —			

Stock options were granted under the 2018 Omnibus Incentive Plan during the year ended December 31, 2023 which have a contractual period of ten years and vest ratably over four years.

The fair value of each stock option granted to employees is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Year ended December 31, 2023
Dividend yield	—
Expected life (years)	6.25
Risk free interest rate for expected life	3.8 %
Volatility for expected life	32.4 %

The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option valuation model.

As of December 31, 2024, unrecognized compensation cost of \$13,326 is expected to be expensed over a weighted average period of 2.5 years.

The grant date fair value of stock options exercised and cash received from stock options exercised was as follows:

	Year ended December 31,		
	2024	2023	2022
Grant date fair value	\$ 269	\$ 30	\$ —
Cash received	\$ 675	\$ 85	\$ —

Share Matching Program

Under the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"), the Company established a share matching program ("SMP") for executive officers and other specified employees. Under the SMP, the Company agreed to issue a number of restricted stock units equal to the number of newly acquired shares of the Company's common stock. For purposes of the match, "newly acquired shares" includes the employee's first quarter 2022 open market purchase of the common stock, and

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

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crediting of equity awards vesting under any existing stock award plan of the Company as having been purchased by such employees, in an amount between \$100 to \$500 per such employee.

The matching restricted stock units granted under the SMP will vest in two installments, with one-third to vest on the second anniversary of the grant date and the remaining two-thirds to vest on the third anniversary of the grant date; the newly acquired shares for which the matching restricted stock units were granted must also be held by the employee until such vesting dates. The Company's underlying common stock issued pursuant to the vesting of the matching restricted stock units will not be marketable or transferable for a period of two years following the vesting date. Certain forfeiture and other conditions apply.

Restricted stock unit activity under the SMP is shown below:

	Restricted Stock Units (SMP)	
	Number	Weighted Average Fair Value
Outstanding as of December 31, 2023*	217,230	\$ 24.95
Granted	—	—
Vested*	(72,385)	24.95
Forfeited	—	—
Outstanding as of December 31, 2024*	144,845	\$ 24.95

*As of December 31, 2024 and 2023 restricted stock units vested for which the underlying common stock is yet to be issued are 72,385 and nil, respectively.

As of December 31, 2024, unrecognized compensation cost of \$445 is expected to be expensed over a weighted average period of 0.3 years.

Restricted Stock Units

The Committee is authorized to award restricted stock units to participants. The Committee establishes the terms, conditions and restrictions applicable to each award of restricted stock units, including the time or times at which restricted stock units will be granted or vested and the number of units to be covered by each award. The terms and conditions of each restricted stock award will be reflected in a restricted stock unit agreement.

Any cash or in-kind dividends paid with respect to unvested shares of restricted stock units are withheld by the Company and paid to the holder of such shares of restricted stock, without interest, only if and when such shares of restricted stock units vest. Any unvested shares of restricted stock units are immediately forfeited without consideration upon the termination of holder's employment with the Company or its affiliates. Accordingly, the Company's unvested restricted stock units do not include non-forfeitable rights to dividends or dividend equivalents and are therefore not considered as participating securities for purposes of earnings per share calculations pursuant to the two-class method.

Restricted stock unit activity under the Company's stock-based compensation plans is shown below:

	Restricted Stock Units	
	Number	Weighted Average Fair Value
Outstanding as of December 31, 2023*	3,731,512	\$ 24.96
Granted	1,625,550	30.23
Vested*	(1,818,180)	22.26
Forfeited	(298,682)	28.22
Outstanding as of December 31, 2024*	3,240,200	\$ 28.82

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

* As of December 31, 2024 and 2023, restricted stock units vested for which the underlying common stock is yet to be issued are 289,547 and 324,125, respectively.

The fair value of restricted stock units is generally the market price of the Company's shares on the date of grant. As of December 31, 2024, unrecognized compensation cost of \$63,066 is expected to be expensed over a weighted average period of 2.6 years.

The weighted average fair value of restricted stock units granted and the grant date fair value of restricted stock units vested (including SMP) was as follows:

	Year ended December 31,					
	2024		2023		2022	
Weighted average fair value of restricted stock units granted	\$	30.23	\$	33.99	\$	24.28
Grant date fair value of restricted stock units vested	\$	42,279	\$	33,058	\$	24,002

Performance-Based Stock Awards

Under the 2018 Plan, the Company grants performance-based restricted stock units ("PRSUs") to executive officers and other specified employees. During the year ended December 31, 2024, the Company granted 40% of each award recipient's equity grants in the form of PRSUs that cliff vest at the end of a three-year period based on an aggregated revenue target for a three-year period ("PU"). The remaining 60% of each award recipient's equity grants are PRSUs that are based on market conditions contingent on the Company's meeting the total shareholder return relative to a group of peer companies specified under the 2018 Plan, and are measured over a three-year performance period ("MU").

The fair value of each PU is determined based on the market price of one common share on a day prior to the date of grant, and the associated stock compensation expense is calculated on the basis that performance targets at 100% are probable of being achieved. The stock compensation expense for the PUs is recognized on a straight-line basis over the service period, which is through the end of the third year. Over this period, the number of shares that will be issued are adjusted upward or downward based upon the probability of achievement of the performance targets. The final number of shares issued and the related compensation cost recognized as an expense is based on a comparison of the final performance metrics to the specified targets.

The grant date fair value for each MU is determined using a Monte Carlo simulation model and the related stock compensation expense is expensed on a straight-line basis over the vesting period. The stock compensation expense related to the MUs is recognized once the requisite performance period is fulfilled regardless of the extent of the market condition achieved.

The Monte Carlo simulation model simulates a range of possible future stock prices and estimates the probabilities of the potential payouts. This model also incorporates the following ranges of assumptions:

- The historical volatilities are used over the most recent three-year period for the components of the peer group.
- The risk-free interest rate is based on the U.S. Treasury rate assumption commensurate with the three-year performance period.
- Since the plan stipulates that the awards are based upon the TSR of the Company and the components of the peer group, it is assumed that the dividends get reinvested in the issuing entity on a continuous basis.
- The correlation coefficients are used to model the way in which each entity tends to move in relation to each other are based upon the price data used to calculate the historical volatilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)
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The fair value of each MU granted to employees is estimated on the date of grant using the following weighted average assumptions:

	Year ended December 31,		
	2024	2023	2022
Dividend yield	—	—	—
Expected life (years)	2.9	2.9	2.9
Risk free interest rate for expected life	4.5 %	4.3 %	1.7 %
Volatility for expected life	29.9 %	32.9 %	38.3 %

PRSU activity under the Company's stock plans is shown below:

	Revenue-Based PRSUs		Market Condition-Based PRSUs	
	Number	Weighted Average Fair Value	Number	Weighted Average Fair Value
Outstanding as of December 31, 2023	438,000	\$ 29.16	656,450	\$ 37.78
Granted	344,535	28.91	516,692	42.11
Adjustment upon final determination of level of performance goal achievement*	213,435	24.00	319,975	31.13
Vested**	(426,870)	24.00	(639,950)	31.13
Forfeited	(31,156)	29.73	(46,648)	40.10
Outstanding as of December 31, 2024	537,944	\$ 31.02	806,519	\$ 43.06

* Represents adjustment of shares vested in respect of PUs and MUs granted in 2022 upon achievement of the performance targets for such awards.

** Represents PUs and MUs vested for which the underlying common stock was issued subsequent to December 31, 2024.

As of December 31, 2024, unrecognized compensation cost of \$33,943 is expected to be expensed over a weighted average period of 1.8 years.

Employee Stock Purchase Plan

On June 21, 2022, at the annual meeting of stockholders of the Company, the Company's stockholders approved the ExlService Holdings, Inc. 2022 Employee Stock Purchase Plan (the "2022 ESPP").

The 2022 ESPP allows eligible employees to purchase the Company's shares of common stock through payroll deductions at a pre-specified discount to the lower of closing price of the Company's common shares on the date of offering or the last business day of each purchase interval. The dollar amount of shares of common stock that can be purchased under the 2022 ESPP must not exceed 15% of the participating employee's compensation during the offering period, subject to a cap of \$25 per employee per calendar year. The Company has reserved 4,000,000 shares of common stock for issuance under the 2022 ESPP.

The fifth offering period under the 2022 ESPP commenced on July 1, 2024 with a term of six months.

EXLSERVICE HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)
December 31, 2024
(In thousands, except per share amount and share count)

Activity under the Company's 2022 ESPP is shown below:

	Employee Stock Purchase Plan Unit's	
	Number	Total Proceeds Received
Shares available for issuance as of December 31, 2023	3,831,325	
Issuance of common stock related to the:		
Third offering period	71,645	\$ 1,948
Fourth offering period	86,936	\$ 2,414
Shares available for issuance as of December 31, 2024	3,672,744	
Issuance of common stock related to the fifth offering period made subsequent to December 31, 2024	64,939	\$ 1,823

The ESPP is compensatory and results in compensation expense. The fair value of common stock to be issued under the ESPP was determined using the Black-Scholes option pricing model with the following assumptions:

	Fifth offering period of July 1, 2024 to December 31, 2024	Fourth offering period of January 1, 2024 to June 30, 2024	Third offering period of July 1, 2023 to December 31, 2023
Dividend yield	—	—	—
Expected life (years)	0.5	0.5	0.5
Risk free interest rate for expected life	5.3 %	5.2 %	5.4 %
Volatility for expected life	25.5 %	30.1 %	25.5 %
Discount for illiquidity	7.4 %	7.5 %	8.9 %

24. Related Party Disclosures

In April 2022, the Company entered into a service contract for providing analytics services to The Vanguard Group Inc., which reported that it beneficially owns approximately 10% of the Company's common stock as of December 31, 2024. During the years ended December 31, 2024 and 2023, the Company recognized revenues, net of \$638 and \$1,975, respectively, related to this service contract. The Company had outstanding accounts receivable, net of \$124 and \$209 related to this service contract as of December 31, 2024 and 2023, respectively.

In February 2024, the Company entered into a service contract for providing analytics services to Corridor Platforms, Inc., which is an equity affiliate of the Company. During the year ended December 31, 2024, the Company recognized revenues, net of \$424 related to this service contract. The Company had outstanding accounts receivable, net of \$56 related to this service contract as of December 31, 2024.

25. Commitments and Contingencies
Capital Commitments

As of December 31, 2024 and 2023, the Company had committed to spend approximately \$6,500 and \$7,100, respectively, under agreements to purchase property and equipment. This amount is net of capital advances paid which are recognized in consolidated balance sheets as "Capital work in progress" under "Property and equipment."

On June 15, 2023, the Company, along with other limited partners, entered into a limited partnership agreement with the general partner, PNP Financial Services Fund GP I, LLC and initial limited partner and outgoing partner, to form a partnership with the name Plug and Play Financial Services Fund I, L.P. (the "Partnership") for the primary purpose of making investments

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

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(In thousands, except per share amount and share count)

in growth-stage technology companies. During the year ended December 31, 2024, the Company further invested \$600 in the Partnership and is committed under the Partnership to make further investments up to an amount of \$2,800.

Other Commitments

Certain units of the Company's Indian subsidiaries were established as 100% Export-Oriented units or under the Software Technology Parks of India or Special Economic Zone scheme promulgated by the Government of India. These units are exempt from customs, central excise duties, and levies on imported and indigenous capital goods, stores, and spares. The Company has undertaken to pay custom duties, service taxes, levies, and liquidated damages payable, if any, in respect of imported and indigenous capital goods, stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. The Company believes, however, that these units have in the past satisfied, and will continue to satisfy, the required conditions.

The Company's operations centers in the Philippines are registered as qualified Philippines Economic Zone Authority units, which provides the Company fiscal incentives on the import of capital goods and local purchase of services and materials. The Company is required to meet certain requirements to retain the incentives. The Company has complied and intends to continue compliance with the requirements to avail itself of the incentives.

Contingencies

The transfer pricing regulations in the countries where the Company operates require that controlled intercompany transactions be at arm's-length. Accordingly, the Company determines and documents pricing for controlled intercompany transactions based on an economic analysis as prescribed in the respective regulations. The tax authorities have jurisdiction to review the Company's transfer pricing. If the Company's transfer pricing is challenged by the authorities, they could assess additional tax, interest and penalties, thereby impacting the Company's profitability and cash flows.

The Company is currently involved in transfer pricing and related income tax disputes with Indian tax authorities. The aggregate amount demanded by Indian tax authorities (net of advance payments) as of December 31, 2024 and 2023 is \$49,588 and \$36,694, respectively. The Company has made payments and/or provided bank guarantees against these demands in the amounts of \$7,506 and \$7,227, as of December 31, 2024 and 2023, respectively. The Company believes that its positions will more likely than not be sustained upon final examination by the tax authorities, and accordingly has not accrued any liabilities with respect to these matters in its consolidated financial statements.

India's VAT regime ended in June 2017 and was replaced by the current Goods and Service Tax ("GST") regime. Pursuant to reviewing the Company's annual VAT filings, the Indian tax authorities raised aggregate VAT demands for tax years 2015 and 2017, in the amounts of \$5,339 and \$5,493, as of December 31, 2024 and 2023, respectively. The Company has provided bank guarantees against these demands in the amounts of \$5,339 and \$4,570, as of December 31, 2024 and 2023, respectively. The GST authorities rejected the Company's refunds claims in the amounts of \$5,885 and \$4,748 as of December 31, 2024 and 2023, respectively. The Company has filed appeals against these matters and believes that it is more likely than not that upon final examination its position will be sustained based on its technical merits. Accordingly, no provision was recognized as of December 31, 2024 and 2023, respectively.

Some of the Company's subsidiaries in India have undergone assessments with the statutory authority with respect to defined contribution plan. Except for some components of the assessments for which the Company has recognized a provision in the financial statements, the Company believes that the amount demanded by such authority is not a meaningful indicator of the potential liabilities of the Company, and that these matters are without merit. The Company is defending against the assessment orders and in one case, has instituted an appeal against the order before the relevant tribunal while also making a payment under protest of the amount demanded. As of the reporting date, the Company's management does not believe that the ultimate assessments in any of these matters will have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows. The Company will continue to monitor and evaluate its position based on future events and developments on these matters.

From time to time, the Company, its subsidiaries, and/or their present officers or directors, may be or have been, named as a defendant in litigation matters, including employment-related claims. The plaintiffs in those cases seek damages, including, where applicable, compensatory damages, punitive damages and attorney's fees. With respect to pending litigation matters as of the reporting date, the Company believes that the damages claimed are without merit, and the Company intends to vigorously defend them. The Company will continuously monitor developments on these matters to assess potential impacts to the financial statements.

EXLSERVICE HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(continued)

December 31, 2024

(In thousands, except per share amount and share count)

The outcomes of legal actions are unpredictable and subject to significant uncertainties, and thus it is inherently difficult to determine the likelihood of the Company incurring a material loss or quantification of any such loss. With respect to certain pending litigation matters as of the reporting date, the Company has made provisions based on information currently available, including its evaluation of the facts underlying each matter and legal counsel's advice on the estimated losses or range of reasonably possible losses. Based on the Company's assessment, including the availability of insurance recoveries, the Company's management does not believe that currently pending litigation, individually or in aggregate, will have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows. The Company will continuously monitor these matters to assess potential impacts to the financial statements.

26. Restructuring Costs

In second quarter of 2024, the Company initiated a strategic restructuring plan to align its workforce with market opportunities, business strategies and evolving customer needs. This plan was executed in the second quarter of 2024, which affected less than 1% of the Company's global workforce.

The restructuring costs include costs in relation to employee severance and other associated costs including legal fees and outplacement support costs. These costs have been recognized under cost of revenues (across all reporting segments), general & administrative and selling & marketing expenses in the consolidated statements of income.

The following table summarizes the activity related to the restructuring costs incurred and paid during the year ended December 31, 2024:

	Year ended December 31, 2024		
	Employee-Related Costs	Other Associated Costs	Total
Opening balance	\$ —	\$ —	\$ —
Costs incurred during the period	4,397	365	4,762
Payments during the period	4,397	365	4,762
Closing balance	\$ —	\$ —	\$ —

27. Subsequent Event

In the first quarter of 2025, the Company began to implement operational and structural changes, resulting in the realignment of its reporting segments. The new reportable segments will be Insurance, Healthcare and Life Sciences, Banking, Capital Markets and Diversified Industries, and International Growth Markets. Beginning in the first quarter of 2025, the Company will reflect this change in segment presentation in its periodic and annual reports.

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of this Annual Report on Form 10-K, ExlService Holdings, Inc., has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”): common stock, par value \$0.001 per share (“**common stock**”). The following descriptions of our capital stock and of certain provisions of our restated certificate of incorporation (“**certificate of incorporation**”) and sixth amended and restated by-laws (“**by-laws**”) and certain provisions of Delaware law do not purport to be complete and are subject to and qualified in their entirety by reference to the full text of our certificate of incorporation, our by-laws, and the General Corporation Law of the State of Delaware (the “**DGCL**”). References in this section to the “**Company**,” “**we**,” “**us**” and “**our**” refer to ExlService Holdings, Inc. and not to any of its subsidiaries.

Our authorized capital stock consists of 400,000,000 shares of common stock and 15,000,000 of preferred stock. No shares of preferred stock are outstanding.

Common Stock***Voting Rights***

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of stockholders, including the election of directors. Holders of the common stock do not have cumulative voting rights, which means that the holders of a majority of the shares of common stock cast in the election of a director in an uncontested election (as defined in our by-laws) can elect each director then being elected.

Preemptive Rights

Holders of the common stock do not have any preemptive rights under our certificate of incorporation or by-laws.

Dividends; Liquidation Rights

The holders of our common stock are entitled to receive dividends when, as, and if declared by our board out of legally available funds. Upon our liquidation or dissolution, the holders of common stock will be entitled to share ratably in those of our assets that are legally available for distribution to stockholders after payment of liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Other Rights

No conversion, redemption or sinking fund provisions apply to our common stock, and all of the outstanding shares of common stock are fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of shares of any series of preferred stock that may be issued in the future.

Preferred Stock

We are authorized, without shareholder approval, to issue up to 15,000,000 shares of preferred stock. Our board of directors is authorized, subject to limitations prescribed by Delaware law and our certificate of incorporation, to determine the terms and conditions of the preferred stock, including whether the shares of preferred stock will be issued in one or more series, the number of shares to be included in each series and the powers, designations, preferences and rights of the shares. Our board of directors also is authorized to designate any qualifications, limitations or restrictions on the shares without any further vote or action by the stockholders. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company and may adversely affect the voting and other rights of the holders of our common stock.

Certain Certificate of Incorporation, By-Law and Statutory Provisions

Certain of the provisions of our certificate of incorporation and by-laws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a holder of shares of our common stock might consider in its interest, including an attempt that might result in a receipt of a premium over the market price for such shares.

Directors' Liability; Indemnification of Directors and Officers

Our certificate of incorporation provides that a director or officer will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director or officer, except that under Section 102(b)(7) of the DGCL, this provision will not eliminate or limit liability:

- for any breach of the duty of loyalty;
- for acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law;
- with respect to directors, for liability under Section 174 of the DGCL (relating to unlawful dividends, stock repurchases, or stock redemptions);
- for any transaction from which the director or officer derived any improper personal benefit; or
- with respect to officers, in any action by or in the right of the Company (i.e., derivative actions).

This provision does not limit or eliminate our rights or those of any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's or officer's duty of care. The provisions do not alter the liability of directors or officers under federal securities laws. In addition, our certificate of incorporation and by-laws provide that we indemnify each director and the officers, employees, and agents determined by our board of directors to the fullest extent provided by the laws of the State of Delaware.

Special Meetings of Stockholders

Our certificate of incorporation provides that special meetings of stockholders may be called only by the chairman or by a majority of the members of our board. Stockholders are not permitted to call a special meeting of stockholders, to require that the chairman call such a special meeting, or to require that our board request the calling of a special meeting of stockholders.

Stockholder Action; Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our certificate of incorporation provides that stockholders may not take action by written consent, but may only take action at duly called annual or special meetings, unless the action to be effected by written consent and the taking of such action by written consent have expressly been approved in advance by the board. In addition, our by-laws establish advance notice procedures for:

- stockholders to nominate candidates for election as a director; and
- stockholders to propose topics for consideration at stockholders' meetings.

Stockholders must notify our corporate secretary in writing prior to the meeting at which the matters are to be acted upon or directors are to be elected. The notice must contain the information specified in our by-laws. To be timely, the notice must be received at our corporate headquarters not less than 90 days nor more than 120 days prior to the first anniversary of the date of the prior year's annual meeting of stockholders. If the annual meeting is advanced by more than 30 days, or delayed by more than 70 days, from the anniversary of the preceding year's annual meeting, or if no annual meeting was held in the preceding year or for the first annual meeting following this offering, notice by the stockholder, to be timely, must be received not earlier than the 120th day prior to the annual meeting and not later than the later of the 90th day prior to the annual meeting or the 10th day following the day on which we notify stockholders of the date of the annual meeting, either by mail or other public disclosure. In the case of a special meeting of stockholders called to elect directors, the stockholder notice must be received not earlier than 120 days prior to the special meeting and not later than the later of the 90th day prior to the special meeting or 10th day following the day on which we notify stockholders of the date of the special meeting, either by mail or other public disclosure. Notwithstanding the above, in the event that the number of directors to be elected to the board at an annual meeting is increased and we do not make any public announcement naming the nominees for the additional directorships at least 100 days before the first anniversary of the preceding year's annual meeting, a stockholder notice of nomination shall also be considered timely, but only with respect to nominees for the additional directorships, if it is delivered not later than the close of business on the tenth day following the day on which such public announcement is first made. These provisions may preclude some stockholders from bringing matters before the stockholders at an annual or special meeting or from nominating candidates for director at an annual or special meeting.

Election and Removal of Directors

We do not have a classified board of directors. All of our directors are elected annually. The number of directors comprising our board of directors is fixed from time to time by the board of directors. Our certificate of incorporation and by-laws provide

that our stockholders may remove directors with or without cause by the affirmative vote of the holders of at least a majority of the total voting power of our issued and outstanding capital stock entitled to vote in the election of directors. Our board of directors may elect a director to fill a vacancy, including vacancies created by the expansion of the board of directors. This system of electing and removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of our directors by limiting the methods available for removing directors.

Our certificate of incorporation and by-laws do not provide for cumulative voting in the election of directors.

Amendment of the Certificate of Incorporation and By-Laws

Our certificate of incorporation provides that the affirmative vote of the holders of at least 66⅔% of the voting power of our issued and outstanding capital stock entitled to vote in the election of directors, is required to amend the following provisions of our certificate of incorporation:

- the provisions relating to the number and election of directors, the appointment of directors upon an increase in the number of directors or vacancy, and the provisions relating to the removal of directors;
- the provisions requiring a 66⅔% stockholder vote for the amendment of certain provisions of our articles of incorporation and for the adoption, amendment or repeal of our by-laws;
- the provisions relating to the restrictions on stockholder actions by written consent; and
- the provisions relating to the calling of meetings of stockholders.

In addition, the board of directors is permitted to alter our by-laws without obtaining stockholder approval and the affirmative vote of holders of at least 66⅔% of the voting power of our issued and outstanding capital stock entitled to vote in the election of directors is required for any amendment to our by-laws by the stockholders.

Anti-Takeover Provisions of Delaware Law

We are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prevents an interested stockholder (defined generally as a person owning 15% or more of the corporation's outstanding capital stock entitled to vote generally in the election of directors) of a Delaware corporation from engaging in a business combination (as defined) for three years following the date that person became an interested stockholder unless various conditions are satisfied.

Exclusive Forum

Our by-laws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any state law claim for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any of our directors, officers, employees and agents to us or our stockholders; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our by-laws; (iv) any action or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery; or (v) any action or proceeding asserting a claim that is governed by the internal affairs doctrine (the "**Delaware Forum Provision**"). In the event that the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware shall be the sole and exclusive forum for each of the actions or proceedings described above. In the event that the United States District Court for the District of Delaware does not have jurisdiction, any competent state court of the State of Delaware shall be the sole and exclusive forum for each of the actions or proceedings described above. The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act of 1933, as amended (the "**Securities Act**") or the Exchange Act.

Further, our by-laws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "**Federal Forum Provision**"). In addition, our by-laws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder. The Delaware Forum Provision and the Federal Forum Provision may impose additional costs on stockholders, may limit our stockholders' ability to bring a claim in a forum they find favorable, and the designated courts may reach different judgments or results than other courts. However, it is possible that a court could find our forum selection provisions to be inapplicable or unenforceable.

Stock Exchange Listing

Our common stock is listed on the Nasdaq Global Select Market under the symbol “EXLS”.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is Computershare Trust Company, N.A.

February 21, 2025

Anita Mahon
110 Willow Ave Apt 1
Hoboken NJ 07030

Email: Anita.Mahon@exlservice.com

Dear Anita,

As discussed with you, the Company has agreed to your request to move from full-time to part-time employment. This letter sets forth the terms and conditions of your part-time employment with ExlService.com, LLC (the "**Company**"). The Company is a wholly owned subsidiary of ExlService Holdings, Inc. ("**ExlService Holdings**") and within this letter we generally refer to ExlService Holdings, the Company and its affiliates together as "EXL." This letter supersedes and replaces, in its entirety, the Employment Agreement you signed with the Company dated March 2, 2020 (including any prior amendments and/or modifications, the "**Employment Agreement**").

Beginning on April 1, 2025, your role with EXL will change from full-time Global Head of Health (Band F) to part-time Chief Strategy & Corporate Development Officer (Band F). In your new role, you will retain the title of Executive Vice President (Band F), but you will no longer be a member of the EXL Executive Committee. As the Chief Strategy & Corporate Development Officer, you will continue to report directly to the Chief Executive Officer of EXL (the "**CEO**"). This position will be based out of EXL's New York headquarters.

Compensation and Schedule: Your new position is a part-time, exempt, salaried position. The annualized salary for this part-time position is \$300,000.00 USD (Three Hundred Thousand Dollars), payable in accordance with EXL's payroll policies. In order to remain eligible for benefits in your new position, you will be required to work three (3) days per week. Your work location remains unchanged and will continue to be EXL's New York headquarters located at 320 Park Avenue, 29th Floor, New York, NY 10022.

Annual Bonus: In your new position, you may be eligible to receive a discretionary bonus up to a target of 75% of your base salary. This bonus is contingent upon you meeting the goals that will be established with your manager, as well as EXL meeting its performance targets. The bonus is only payable if you are employed by EXL on, and have not given notice of resignation prior to, the date that bonus payments are made to EXL employees generally. Bonus payments are subject to the approval of the EXL Board of Directors (the "**Board**"), and bonuses generally are reviewed, approved and paid during the March/April timeframe of each year as determined by the Board, in its sole discretion. The bonus program may change at any time with or without notice at the discretion of EXL. Nothing in this letter shall constitute a guarantee that you will be awarded a bonus or a bonus in any particular amount.

Annual Equity: As previously discussed, by signing this letter you acknowledge your understanding and agreement that you will no longer be eligible to receive or be awarded grants of restricted stock units or other equity compensation. This ineligibility does not affect equity grants previously awarded to you. Previously awarded equity grants will continue to vest according to the established vesting schedules for such grants.

Benefits: Your benefits eligibility will not change as a result of your change in position. You are eligible to participate in the health, dental, vision, life insurance and disability plans in accordance with the criteria for and terms of the applicable plans, which may be amended from time to time. You are also eligible to participate in EXL's 401(k) plan, in accordance with the applicable plan terms. To the extent you already participate in EXL's benefits, your current benefits elections will continue unchanged.

PTO: In accordance with EXL policy, as a part-time employee you will be granted up to twelve (12) days of paid time off, two (2) floating holidays, and ten (10) sick days per calendar year. Paid time off will accrue in accordance with EXL's leave policy. For year 2025 only, all accruals earned before April 1, 2025, will remain at the previously earned accrual rate. Any accrued paid

time off that is not used by the end of the applicable calendar year will be forfeited or paid out as per EXL's payroll policy and applicable State laws. EXL's leave policy is set forth in its U.S. Employee Handbook located on EXL's intranet.

Business Expenses: EXL will reimburse authorized and proper business-related expenses that you may incur in discharging your duties in accordance with EXL's policies and procedures regarding expense reimbursement.

Restrictive Covenants and Arbitration Agreement: As a condition of your continuing employment, you will be required to execute and comply with certain documentation, including the Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Confidentiality Agreement") and the Mutual Agreement to Arbitrate Claims (the "Arbitration Agreement"), copies of which are enclosed herewith. The Confidentiality Agreement contains, among other things, provisions prohibiting employees with whom EXL shares confidential information and/or client goodwill from exploiting that trust by giving a competitor an unfair advantage in the marketplace. The Arbitration Agreement sets forth, among other things, a waiver of a jury trial and the process for submitting disputes for arbitration and selecting an arbitrator. In the event of any dispute, controversy or claim arising from or relating to this offer or our employment relationship, you and EXL agree to first attempt to resolve any such dispute through good faith negotiation, and then mediation, to the extent the parties are not able to resolve the matter through negotiation. If the parties are unsuccessful at resolving the dispute through mediation, you and EXL agree to waive all rights to a jury trial and resolve the matter through binding arbitration before a single arbitrator administered by the American Arbitration Association in accordance with its employment arbitration rules and the Federal Arbitration Act. You and EXL agree to comply with the terms set forth in the Arbitration Agreement with respect to any such dispute. Separate from these commitments, you will not be permitted to conduct your own business in competition with EXL, whether during or after working hours.

Outside Employment: Your position is a responsibility requiring your full loyalty and dedication. So that you can do your best, unless approved in advance by EXL, you are not allowed to work for another employer while employed with EXL. You must always act in the best interests of EXL and its affiliated group of companies.

Employment-At-Will: EXL's policy is that employment is "at will." You are free to leave EXL at any time, with or without notice. EXL also has the right to end your employment at any time, with or without a reason and with or without notice. Although EXL may choose to end your employment for cause, cause is not required. Further, EXL has the right to manage its work force and direct its employees. This includes the right to hire, transfer, promote, demote, reclassify, layoff, terminate or change any term or condition of employment at any time, with or without a reason and with or without notice unless otherwise required by law. No one other than the CEO may enter into an agreement for employment for a specific period of time or make any agreement contrary to the policy of at will employment. Any such agreement must be in writing and signed by the CEO and you.

Miscellaneous: You represent and warrant to EXL that the execution, delivery and performance of this Agreement, the Confidentiality Agreement and the Arbitration Agreement do not and will not violate the provisions of any other agreement to which you are a party or by which you are bound. This offer and your continued employment with EXL are conditioned and contingent upon you returning signed copies of this letter, the Confidentiality Agreement, and the Arbitration Agreement prior to or on April 1, 2025. By signing this letter, you represent and warrant that you have no outstanding claims, complaints, or causes of action of any kind against EXL arising from your employment.

This letter is governed by New York law. This offer letter, coupled with the enclosed Arbitration Agreement and Confidentiality Agreement, comprises the entire scope of your agreements with EXL, and fully supersedes any and all prior discussions, documents, promises, agreements, letters and memoranda by and between you and EXL and any of its affiliates regarding your employment including, without limitation, the Employment Agreement; and any such agreements or arrangements, including the Employment Agreement, shall be deemed terminated as of the date of this letter.

If a court of competent jurisdiction makes a final determination that any term or provision hereof is invalid, illegal or unenforceable, the invalid, illegal or unenforceable term or provision shall be deemed replaced by a term or provision that is legal, valid and enforceable and that comes closest to expressing the intention of the illegal, invalid or unenforceable term or provisions, and the remaining terms and provisions hereof shall remain unimpaired.

Thank you for your service with EXL. We look forward to continuing our work together! Please feel free to contact Martin Whitehead at Martin.Whitehead@exlservice.com with any questions.

Please review, sign and date this letter in the space provided below to indicate your acceptance of the revised terms of employment set forth in this letter and return it to Martin Whitehead, Head of Human Resources for the Americas, ExlService Holdings, Inc. at Martin.Whitehead@exlservice.com.
Regards,

/s/ PAMELA HARRISON

Name: Pamela Harrison

Title: Executive Vice President and Chief Human Resources Officer

Accepted and Agreed:

/S/ ANITA MAHON

Print Name: Anita Mahon

Date: February 21, 2025

**EXLSERVICE HOLDINGS, INC.
SECURITIES TRADING POLICY**

I. Purpose

To describe the standards concerning the handling of non-public information relating to ExlService Holdings, Inc. and its subsidiaries (the “Company”) and the buying and selling of securities of the Company.

II. Persons Affected and Prohibited Transactions

This Securities Trading Policy (the “Policy”) applies to directors, executive officers¹, other officers and employees of the Company. Please note that the general prohibitions apply to all directors, officers and employees of the Company, while the restrictions set forth in Part IV (Blackout Periods) and Part V (Pre-Clearance of Securities Trades) apply only to directors, executive officers and certain designated officers and employees; and the restrictions described in Part VII (Additional Reporting Requirements) apply only to directors, executive officers and certain other officers of the Company. If you are unsure whether you are subject to the restrictions set forth in Parts IV, V or VII, please contact the Company’s General Counsel or his or her designee.

The same restrictions described in this Policy also apply to your spouse, minor children and anyone else living in your household, partnerships in which you are a general partner, trusts of which you are a trustee, estates of which you are an executor and investment funds or other similar vehicles with which you are affiliated (each a “Related Party” and collectively, the “Related Parties”).

For purposes of this Policy, references to “trading” or to “transactions in securities of the Company” include purchases or sales of Company stock, bonds, options, puts and calls, derivative securities based on securities of the Company, gifts of Company securities, loans of Company securities, hedging transactions involving Company securities, contributions of Company securities to a trust, sales of Company stock acquired upon the exercise of stock options, broker-assisted cashless exercise of stock options, market sales to raise cash to fund the exercise of stock options and trades in Company stock made under an employee benefit plan, such as a 401(k) plan.

III. Policy Statement

If a director, officer or employee has material nonpublic information (as further described below) relating to the Company, it is our policy that such person and any Related Party of that person:

- **may not effect transactions in securities of the Company (other than pursuant to a pre-arranged trading plan that complies with Rule 10b5-1 (“Rule 10b5-1”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as described in Part VI below) or engage in any other action to take advantage of that information, or**
- **may not pass that information on to any person outside the Company or suggest or otherwise recommend that any such person outside the Company effect a transaction in securities of the Company or engage in any other action to take advantage of that information.**

This Policy will continue to apply after termination of employment to the extent that a former director, officer or other employee is in possession of material nonpublic information at the time of termination. In such case, no transaction in securities of the Company may take place until the information becomes public or ceases to be material.

This Policy also applies to information, obtained in the course of employment with, or by serving as a director of, the Company, that relates to any other company, including, but not limited to:

- our clients or suppliers,
- any entity with which we may be negotiating a major transaction or business combination, or
- any entity as to which we have an indirect or direct control relationship or a designee on the board of directors.

¹ Executive officers for purposes of this Policy are those persons listed as such in the Company’s public filings with the SEC.

No director, officer or employee may effect transactions in the securities of any such other company while in possession of material nonpublic information concerning such company that was obtained in the course of employment with the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. “Material information” is any information that a reasonable investor would consider important in a decision to effect a transaction in securities of the Company. In short, any information that could reasonably affect the price of such securities. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- projections of future earnings or losses, or other guidance concerning earnings;
- the fact that earnings are inconsistent with consensus expectations;
- a pending or proposed merger, joint venture, acquisition or tender offer;
- a significant sale of assets or the disposition of a subsidiary or business unit;
- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- changes in senior management or other key employees;
- significant new products or services;
- significant legal or regulatory exposure due to a pending or threatened lawsuit or investigation;
- impending bankruptcy or other financial liquidity problems;
- changes in legislation affecting a company’s business;
- cybersecurity risks and incidents, including vulnerabilities and breaches;
- extraordinary borrowings;
- imminent or potential changes in the Company’s credit rating by a rating agency;
- analyst upgrades or downgrades of a Company security;
- offerings of Company securities; and
- the gain or loss of a significant client.

20-20 Hindsight. Remember, if your transaction becomes the subject of scrutiny, it will be viewed after-the-fact with the benefit of perfect hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

Tipping Information to Others. Whether the information is proprietary information about the Company or other information that could have an impact on the price of the Company’s securities, directors, executive officers, other officers and employees must not pass the information on to others. Penalties will apply whether or not you derive, or even intend to derive, any profit or other benefit from another’s actions.

When Information is Public. You may not trade on the basis of material information that has not been broadly disclosed to the marketplace, such as through a press release or a filing with the United States Securities and Exchange Commission (the “SEC”), or, following its broad disclosure to the marketplace, material information that the marketplace has not had time to fully absorb. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the second trading day after the information is released. Thus, if information is released on a Monday, trading should not take place until Thursday. However, if the information in question is contained in a regular quarterly earnings release and the release is issued prior to the opening of the market on a given day, trading may take place on the second trading day following the day of release. Thus, if information is released in a quarterly earnings release prior to the opening of the market on Monday, trading may take place beginning on Wednesday.

Transactions under Company Plans. Although this Policy does not generally apply to the exercise of employee stock options (other than cashless exercises as described below), it does apply to the sale of common stock received upon exercise. This Policy applies to the sale as part of a broker-assisted cashless exercise of a stock option and the market sale for the purpose of raising cash to fund the exercise of an option. This Policy also applies to the following elections under a 401(k) plan (if and when the Company makes Company securities an investment alternative under our 401(k) plan):

- increasing or decreasing periodic contributions allocated to the purchase of Company securities;
- intra-plan transfers of an existing balance in or out of Company securities;
- borrowing money against the account if the loan results in the liquidation of any portion of Company securities; and
- pre-paying a loan if the pre-payment results in allocation of the proceeds to Company securities.

Transactions by Related Parties. The same restrictions described in this Policy apply to your Related Parties. Directors, executive officers and other officers and employees are expected to be responsible for compliance with this Policy by their Related Parties.

Additional Prohibited Transactions

Only shares of Company stock owned by a Reporting Person (as defined below) in excess of the minimum ownership requirement under the Company's Executive Stock Ownership Policy or Corporate Governance Guidelines may be pledged or otherwise used as security for a loan, provided that the Compensation Committee pre-approves the transaction in its sole discretion. This prohibition applies to shares that a Reporting Person owns directly (including joint ownership with the Reporting Person's spouse) and any other shares whose ownership is attributed to the Reporting Person for purposes of the "beneficial ownership table" included in the Corporation's annual proxy statement. In general, a Reporting Person is attributed with beneficial ownership if he or she has, or shares, either voting power or investment power over the shares. The prohibition applies, among other things, to the holding of Company shares in a margin account or any other account that could cause Company stock to be subject to a margin call or otherwise be available as collateral for a margin loan.

In addition, Reporting Persons are prohibited from engaging in hedging transactions involving Company shares or other Company securities. "Hedging" refers to any strategy to offset or reduce the risk of price fluctuations in Company shares or other Company securities or to protect, in whole or in part, against declines in the value of Company shares or other securities. The prohibition on hedging thus applies to all transactions in derivative securities based on Company stock such as other securities, including puts, calls, swaps and collar arrangements.

Unless advance approval is obtained from the General Counsel or his/her designee, Reporting Persons who purchase Company securities may not sell Company securities of the same class for at least six months after the purchase, or sell the Company's securities short.

For purposes of this Policy, "Reporting Person" has the meaning set forth in Part IV below.

IV. Blackout Periods – For Directors, Executive Officers and Certain Other Personnel with Access to our Results

In order to avoid any appearance that its directors, officers and other insiders are trading with an informational advantage, the Company has established the following "closed periods" in relation to the publication of its annual and quarterly results: **(a) the period commencing 14 days prior to the end of each fiscal quarter (i.e., from March 18, June 17, September 17, and December 18 for each of the first, second, third and fourth fiscal quarters, respectively) and in each case ending on and including the second trading day after public announcement of the Company's financial results for such quarter or fiscal year, as applicable; and (b) for directors and executive officers, to the extent and during the periods required by Section 306 of the Sarbanes-Oxley Act of 2002 or its implementing regulations.** During these closed periods, the following persons and their Related Parties are prohibited from effecting transactions in securities of the Company:

- directors and their secretaries and other assistants;
- executive officers and their secretaries and other assistants;
- employees in the accounting, finance, investor relations, information technology and legal departments;
- members and permanent invitees of the Operating Committee, members and permanent invitees of the Executive Committee and all Vice President level 2 and Senior Vice President officers; and
- certain other employees that the Company may designate from time to time as "Reporting Persons" because of their positions, responsibilities or their actual or potential access to material information.

All of the persons identified above are collectively referred to herein as "Reporting Persons".

You should be aware that the closed periods described above may be modified by the Company at any time. In addition, the Company may from time-to-time determine that effecting transactions in securities of the Company is inappropriate at a time that is outside the closed periods and, accordingly, may notify you of additional closed periods at any time. For example, a short closed period may be imposed shortly before issuance of interim earnings guidance. Those subject to closed period requirements will receive notice of any modification by the Company of the closed period policy or of any additional prohibition on trading during a non-closed period. Persons subject to the closed period restrictions who terminate their employment with the Company during a closed period will remain subject to the restrictions until the end of such period.

Unless otherwise approved by the General Counsel or his or her designee, all Reporting Persons must maintain any directly or indirectly owned brokerage accounts in which Company securities are held at Fidelity Investments, or such successor broker-dealer as the Company may engage.

V. Pre-Clearance of Securities Trades

To provide assistance in preventing inadvertent violations of the law and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedure:

All transactions in securities of the Company by a Reporting Person (as defined in Part IV above) and their Related Parties must be pre-cleared with the Company's General Counsel or his or her designee.

Persons subject to these restrictions should submit a Request to Trade Securities Form in the form attached hereto as Exhibit A to the General Counsel or his or her designee at least two business days in advance and may not affect any transaction subject to the pre-clearance request unless given clearance to do so, which clearance, if granted, will be valid only for three business days following the approval date. At the time of each submission of a Request to Trade Securities Form, Reporting Persons must make certain certifications regarding compliance with this policy and/or the Company's Executive Stock Ownership Policy, as applicable. If a transaction for which clearance has been granted is not effected (i.e., the trade is not placed) within such three business day period, the transaction must again be pre-cleared.

To the extent that a material event or development affecting the Company remains nonpublic, persons subject to pre-clearance will not be given permission to effect transactions in securities of the Company. Such persons may not be informed of the reason why they may not trade. Any person that is made aware of the reason for an event-specific prohibition on trading should in no event disclose the reason for the prohibition to third parties and should avoid disclosing the existence of the prohibition, if possible. Caution should be exercised when telling a broker or other person who suggested a trade that the trade cannot be effected at the time.

Note that the pre-clearance procedures may delay the disposition of any security after it is purchased.

VI. 10b5-1 Plans.

The SEC has adopted a safe harbor rule, Rule 10b5-1, which provides a defense against insider trading liability for trades that are effected pursuant to a pre-arranged trading plan that meets specified conditions. The trading plan must be properly documented and all of the procedural conditions of the Rule must be satisfied to avoid liability.

Rule 10b5-1 plans allow an insider to trade during blackout periods or while the insider has material nonpublic information by giving control to effect pre-planned transactions in securities of the Company to a third party. The insider must enter into a Rule 10b5-1 plan in good faith with respect to such plan, and may not exercise any subsequent influence over how, when or whether to effect transactions. In addition to other specified conditions, a Rule 10b5-1 plan would specify in writing in advance the amount and price of the securities to be sold and the date for the sale (or a formula for determining the amount, price and date) or would otherwise not permit the insider to exercise any subsequent influence over how, when or whether to effect the sales. Subject to certain limited exceptions, an insider may not have multiple, overlapping Rule 10b5-1 plans in effect and is limited to one "single-trade plan" (a plan designed to effect the open market purchase or sale of the total amount of securities subject to the plan as a single transaction). Further, directors and officers may not commence trading under a Rule 10b5-1 plan until the later of: (1) 90 days following the plan's adoption or modification; or (2) two business days following the disclosure in a periodic report of the Company's financial results for the fiscal quarter in which the plan was adopted or modified (but no more than 120 days following adoption or modification of the plan). Persons other than issuers, directors or officers must wait 30 days following adoption or modification of a Plan 10b5-1 Plan to commence trading under such plan. After adopting a valid Rule 10b5-1 plan, the insider will have an affirmative defense that a sale under the plan was not made "on the basis of" material nonpublic information.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to pre-clearance at the time the plan is established, modified or terminated. Such plans or arrangements may not be established, modified or terminated without the approval of the Company's General Counsel or his or her designee, and may only be established, modified or terminated during a non-closed period. Persons subject to the pre-clearance policy must submit such plans or arrangements in writing to the Company's General Counsel or his or her designee for review and approval.

VII. Additional Reporting Requirements

Section 16 of the Exchange Act generally requires directors, executive officers and certain other officers of the Company (the “Section 16 Insiders”) to disgorge to the Company any profit realized from any purchase and sale, or any sale and purchase, of equity securities of the Company within any 6 month period, irrespective of the intention of such Section 16 Insider when he or she entered into the transactions.

In addition, Section 16 of the Exchange Act also requires Section 16 Insiders to file an initial statement on Form 3 regarding their beneficial ownership of Company equity securities and, subject to certain exceptions, additional statements on Form 4 reflecting any changes in such beneficial ownership.

You should contact the Company’s General Counsel or another member of the Company’s legal department if you need to confirm whether you are a Section 16 Insider and to receive additional information with respect to your obligations as a Section 16 Insider.

VIII. Assistance

Any person who has any questions about this Policy or about specific transactions may contact the Company’s General Counsel or his or her designee. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment and ask before acting if you are unsure.

IX. Effectiveness and Amendments

The Company reserves the right to amend, abrogate, modify, rescind/ reinstate the entire Policy or any part of it at any time.

EXHIBIT A

REQUEST TO TRADE SECURITIES FORM

(PLEASE PRINT CLEARLY)

Date Submitted:

MEMORANDUM TO: *Legal Department*

Request for Approval to Trade Securities

Name: _____ **Telephone** _____ **Employee ID#** _____

I request approval to execute the following securities transaction:

Type of Transaction (check one):

Purchase _____ Sale _____ Conversion _____

Other _____ Explain: _____

Securities to be traded:

Full Name of Issuer: _____

Type of Security: _____

Number of shares

or principal amount: _____

Most recent fungible transaction date (If not applicable, so state):

(If a sale transaction, most recent date(s) securities of the same class and amount were purchased; if a purchase transaction, most recent date(s) securities of the same class and amount were sold.)

Beneficial Ownership (If not applicable, so state):

Name of beneficial owner if other than yourself: _____

Relationship of beneficial owner to you: _____

Certifications:

(For all Reporting Persons)

I hereby certify that, in making this request, I am in compliance with the Company's Securities Trading Policy.

I further certify that I am not, and as of the date of the proposed transaction, will not be, in possession of any material nonpublic information concerning the Company. I additionally certify that I have undertaken training on the Company's Securities Trading Policy in the preceding twelve months. I understand that, if granted, approval will be valid only for three (3) business days including the day of approval.

(Additional certification for all Reporting Persons subject to the minimum ownership requirement under the Executive Stock Ownership Policy)

I additionally certify that, I am, and following the proposed transaction described herein, will continue to be, in compliance with the requirements of the Executive Stock Ownership Policy.

Date: _____ **Signed:** _____

For Committee Use Only

Date and Time Received _____ by _____

Assigned Control Number _____

Revised March 2021

Subsidiaries of the Registrant

Name of Subsidiary	Jurisdiction
Kogni, LLC	Arizona
ExlService Australia Pty Ltd.	Australia
Incandescent Australia Pty Ltd.	Australia
ExlService Bulgaria EAD	Bulgaria
IQR Consulting, LLC	California
Clairvoyant, Inc.	Canada
ExlService Canada Inc.	Canada
ExlService Colombia S.A.S.	Colombia
ITI Data Colombia S.A.S.	Colombia
ExlService Czech Republic S.R.O.	Czech Republic
Business Process Outsourcing, LLC	Delaware
Clairvoyant AI, Inc.	Delaware
ExlService Technology Solutions, LLC	Delaware
ExlService.com, LLC	Delaware
Outsource Partners International, Inc.	Delaware
Overland Solutions, LLC	Delaware
ExlService Germany GmbH	Germany
Business Process Solutions (India) Private Limited	India
Clairvoyant India Private Ltd.	India
exl Service.com (India) Private Limited	India
Inductis (India) Private Limited	India
IQR Analytics Private Limited	India
Outsourcepartners International Private Limited	India
SCIOinspire Consulting Services (India) Pvt Ltd.	India
Incandescent Technologies Private Limited	India
ITI Data Consulting India Private Limited	India
EXLService (Ireland) Limited	Ireland
Business Process Outsourcing Ltd.	Mauritius
ExlService Mauritius Limited	Mauritius
OPI Limited	Mauritius
EXLS Mexico, S. de R.L. de C.V.	Mexico
Incandescent Latin America S. de R.L. de C.V.	Mexico
Incandescent Technologies Inc.	Nebraska
ExlService Philippines, Inc.	Philippines
ITI Data Polska Sp. Z o.o.	Poland
ExlService Romania Private Limited S.R.L.	Romania
Inductis (Singapore) PTE Limited	Singapore
Incandescent Singapore Pte Ltd	Singapore
EXL Analytics SA (Pty) Ltd.	South Africa
ExlService South Africa (Pty) Ltd.	South Africa
ExlService (U.K.) Limited	United Kingdom
Incandescent Technologies UK Ltd	United Kingdom

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-179098 and 333-263076 on Form S-3 and Nos. 333-139211, 333-157076, 333-206022, 333-226527, 333-265772 and 333-283074 on Form S-8 of our reports dated February 25, 2025, relating to the financial statements of ExlService Holdings, Inc. and the effectiveness of ExlService Holdings, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Deloitte & Touche LLP

New York, New York
February 25, 2025

SECTION 302 CERTIFICATION

I, Rohit Kapoor, certify that:

1. I have reviewed this Annual Report of ExlService Holdings, Inc. for the year ended December 31, 2024;
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: February 25, 2025

/s/ Rohit Kapoor

Rohit Kapoor

Chairman and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Maurizio Nicolelli, certify that:

1. I have reviewed this Annual Report of ExlService Holdings, Inc. for the year ended December 31, 2024;
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: February 25, 2025

/s/ Maurizio Nicolelli

Maurizio Nicolelli
Chief Financial Officer

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 Annual Report of ExlService Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rohit Kapoor, Chairman and 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:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rohit Kapoor

Rohit Kapoor

Chairman and Chief Executive Officer

February 25, 2025

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 Annual Report of ExlService Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Maurizio Nicolelli, 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:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maurizio Nicolelli

Maurizio Nicolelli

Chief Financial Officer

February 25, 2025