ExlService Holdings, Inc.
First Quarter 2023
Financial Results
April 27, 2023

Safe Harbor

Forward-Looking Statements

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

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Financial Highlights

- ✓ Q1 revenue of $400.6 million, up 6.9% from Q4 and up 21.7% YoY on reported basis, with strong growth across both businesses
- ✓ Q1 adj EPS of $1.74, up 22.5% YoY
- ✓ Analytics segment Q1 revenue of $181.8 million, up 6.5% sequentially and up 22.0% YoY on reported basis.
- ✓ Digital Operations & Solutions Q1 revenue of $218.8 million, up 7.3% sequentially and up 21.4% YoY on reported basis

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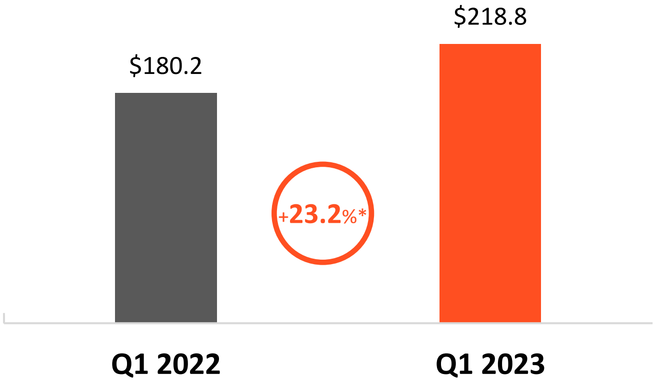
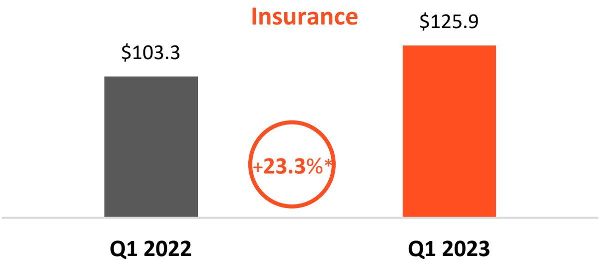
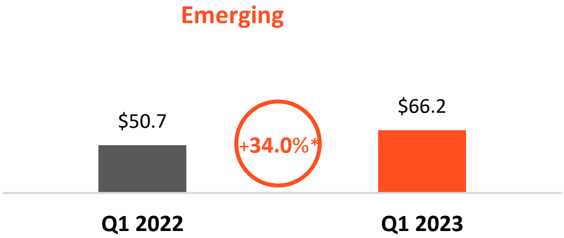
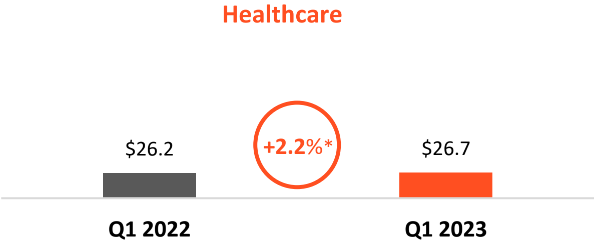
Q1 2023 Digital Operations & Solutions Segment Revenue (in millions)



- Insurance growth driven primarily by expansion in existing client relationships
- Emerging growth driven by new client wins in 2022 and expansion in other existing client relationships
- Healthcare growth driven by higher volumes in the clinical services business

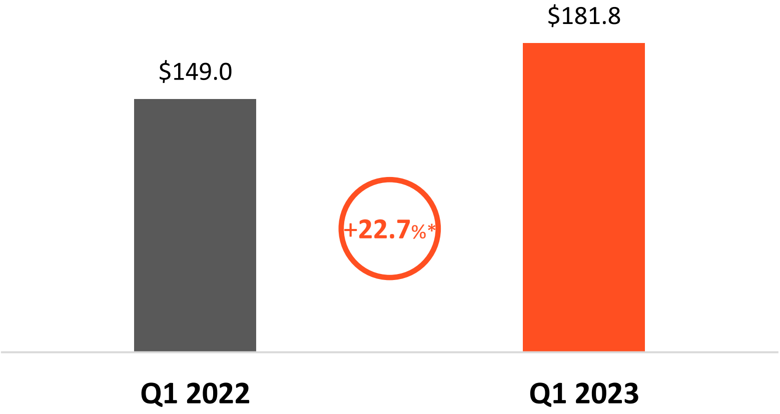






*Constant currency, see slide 10

Q1 2023 Analytics Segment Revenue (in millions)



- Growth in the first quarter was driven primarily by expansion of existing client relationships in Banking & Financial Services, Healthcare and Insurance

*Constant currency

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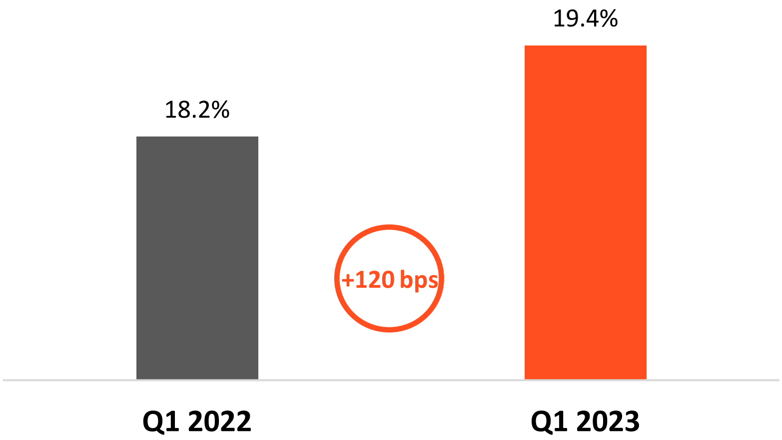
Q1 2023 Adjusted Operating Profit Margin



- AOPM improvement driven by higher profitability on one-time revenue of approximately $6 million and SG&A operating leverage.

2023 Revised Guidance

Based on current visibility, and a U.S. dollar to Indian rupee exchange rate of 82.5, U.K. pound sterling to U.S. dollar exchange rate of 1.23, U.S. dollar to the Philippine peso exchange rate of 56 and all other currencies at current exchange rates

	REVENUE (millions)	ADJUSTED DILUTED EARNINGS PER SHARE
	$1,595 - $1,620 ↑ 13%-15%[1]	**$6.75 - $6.90** ↑ 12%-15%
Previous Guidance	**$1,560-$1,600**	**$6.60-$6.80**

1) Projected on a constant currency basis

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Appendix

Non-GAAP Financial Measures and Reconciliations

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

- Adjusted operating income and adjusted operating income margin;
- Adjusted EBITDA and adjusted EBITDA margin;
- Adjusted net income and adjusted diluted earnings per share; and

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

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

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Non-GAAP Financial Measures and Reconciliations (continued)

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

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

Reconciliation of Adjusted Operating Income and Adjusted EBITDA

(Amounts in thousands)

	Three months ended		
	March 31,		December 31,
	2023	2022	2022
Net Income (GAAP)	**$ 51,331**	**$ 36,178**	**$ 31,849**
add: Income tax expense	8,058	11,202	12,791
add/(subtract): Foreign exchange gain/(loss), interest expense, effects of equity-method investment and other income/(loss), net	59	(3,405)	6,355
Income from operations (GAAP)	**$ 59,448**	**$ 43,975**	**$ 50,995**
add: Stock-based compensation expense	14,407	11,224	12,616
add: Amortization of acquisition-related intangibles	4,149	4,486	4,234
add/(subtract): Other expenses/(benefits) (a)	(89)	134	(560)
Adjusted operating income (Non-GAAP)	**$ 77,915**	**$ 59,819**	**$ 67,285**
Adjusted operating income margin as a % of Revenue (Non-GAAP)	*19.4 %*	*18.2 %*	*18.0 %*
add: Depreciation on long-lived assets	8,589	9,116	9,687
Adjusted EBITDA (Non-GAAP)	**$ 86,504**	**$ 68,935**	**$ 76,972**
Adjusted EBITDA margin as a % of revenue (Non-GAAP)	*21.6 %*	*20.9 %*	*20.5 %*

(a) To exclude effects of lease termination of $89 and $nil during the three months ended March 31, 2023 and 2022 respectively, and $560 during the three months ended December 31, 2022, and to exclude acquisition-related expenses of $134 for the acquisition of Clairvoyant AI, Inc. ("Clairvoyant") during the three months ended March 31, 2022.

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Reconciliation of Adjusted Net Income and Adjusted Diluted Earnings Per Share

(Amounts in thousands, except per share data)

	Three months ended		
	March 31,		December 31,
	2023	2022	2022
Net income (GAAP)	**$ 51,331**	**$ 36,178**	**$ 31,849**
add: Stock-based compensation expense	14,407	11,224	12,616
add: Amortization of acquisition-related intangibles	4,149	4,486	4,234
add: Effects of changes in fair value of contingent consideration	—	—	7,500
add/(subtract): Other expenses/(benefits) (a)	(89)	134	(560)
subtract: Tax impact on stock-based compensation expense (b)	(9,830)	(2,806)	(930)
subtract: Tax impact on amortization of acquisition-related intangibles	(1,023)	(1,052)	(1,134)
add: Tax impact on other benefits	22	—	141
subtract: Effect of non-recurring tax benefits (c)	—	—	(1,079)
Adjusted net income (Non-GAAP)	**$ 58,967**	**$ 48,164**	**$ 52,637**
Adjusted diluted earnings per share (Non-GAAP)	**$ 1.74**	**$ 1.42**	**$ 1.56**

(a) To exclude effects of lease termination of $89 and $nil during the three months ended March 31, 2023 and 2022 respectively, and $560 during the three months ended December 31, 2022, and to exclude acquisition-related expenses of $134 for the acquisition of Clairvoyant during the three months ended March 31, 2022.

(b) Tax impact includes $12,520 and $3,610 during the three months ended March 31, 2023 and 2022 respectively, and $2,349 during the three months ended December 31, 2022, related to discrete benefits recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.

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

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