

XBP Europe Holdings, Inc. Reports Second Quarter 2024 Results

August 12, 2024

Second Quarter Highlights

- Revenue of \$36.1 million, down 14.8% year-over-year (14.2% on a constant currency basis)
- Gross margin declined to 18.4%, a 630 bps decrease sequentially and 920 bps decrease year-over-year
- Net loss of \$4.7 million includes \$0.7 million of FX losses
- Active revenue ramp of approximately \$25 million in ACV (Annual Contract Value)
- Completed a comprehensive financing transaction with HSBC to provide up to \$33 million of incremental liquidity

LONDON, UK and Santa Monica, CA, August 12, 2024 (GLOBE NEWSWIRE) – XBP Europe Holdings, Inc. ("XBP Europe" or the "Company") (NASDAQ: XBP), a pan-European integrator of bills, payments, and related solutions and services seeking to enable the digital transformation of its clients, announced today its financial results for the quarter ended June 30, 2024.

"We are encouraged by our sales funnel and ramp-up of large public sector contracts, including HMPO which is expected to launch in the coming weeks. Combined with our recently announced strategic financing transaction, which provides the Company with ample liquidity for both organic and inorganic growth, we are optimistic about the rest of 2024," said Andrej Jonovic, Chief Executive Officer of XBP Europe.

- **Revenue:** Total Revenue was \$36.1 million, a decline of 14.8% compared to \$42.4 million in 2Q 2023, primarily due to a large one-time license sale in 2Q 2023 coupled with completion of projects, lower volumes, and client contract ends, offset by positive impact of new business, some of which is in early stage of ramp.
 - **Bills & Payments** segment revenue was \$27.3 million, a decline of 9.6% year-over-year, due to completion of projects, lower volumes, and client contract ends, offset by small positive impact of ~\$25 million ACV won business in various stages of ramp.
 - **Technology** segment revenue was \$8.8 million, a decrease of 27.6% year-over-year, largely due to higher license sales in 2Q 2023, offset by higher implementation and professional services revenue.
- Operating Loss: Operating loss was \$2.4 million, compared with operating income of \$1.4 million in 2Q 2023. This was driven primarily by lower revenues coupled with unfavorable mix, partially offset by lower SG&A, net of investments for growth initiatives and cost optimization initiatives, which resulted in reduced operating lease and facility expenses.
- Net Loss: Net loss was \$4.7 million, compared with a net loss of \$0.6 million in 2Q 2023. The year-over-year increase was primarily driven by lower operating profit and higher interest and income tax expense.
- Adjusted EBITDA⁽¹⁾: Adjusted EBITDA was \$0.3 million, a decrease of 92.8% compared to \$4.0 million in 2Q 2023. Adjusted EBITDA margin was 0.8%, a decrease of 870 basis points from 9.5% in 2Q 2023.
- Capital Expenditures: Capital expenditures were 0.9% of revenue compared to 3.2% of revenue in 2Q 2023, with the reduction primarily due to less investment in PP&E during the quarter versus a year ago. The Company expects to spend approximately \$1.5 to \$2.5 million on capital expenditures and capitalizable contracts set-up cost over the next 12 months.
- Adequate Liquidity: The Company's cash and cash equivalents totaled \$15.6 million as of June 30, 2024. To fund our growth, our newly established multi-currency Revolving Credit Facility provides up to \$15 million of borrowing capacity (excluding accordion features), and our €15 million Secured Borrowing Facility (amended factoring agreement) provides funding from sale of receivables up to a funding limit.

• Strategic Financing Transaction: As announced on June 27, 2024, certain of XBP Europe's subsidiaries entered into a comprehensive financing agreement with HSBC UK Bank plc to refinance the Company's UK subsidiary's existing indebtedness and provide up to \$33 million of incremental liquidity.

Segment Revenue and Profitability:

	Three months ended June 30, 2024					
	Bills & P	ayments	Techn	ology	Т	otal
Revenue, net	\$	27,305	\$	8,807	\$	36,112
Cost of revenue		25,074		4,408		29,482
Segment Gross Profit		2,231		4,399		6,630

	Three months ended June 30, 2023							
	Bills & P	ayments	Technology		Т	Total		
Revenue, net	\$	30,198	\$	12,169	\$	42,367		
Cost of revenue		26,465		4,215		30,680		
Segment Gross Profit		3,733		7,954		11,687		

Below is the note referenced above:

(1) Adjusted EBITDA is a non-GAAP measure. A reconciliation of Adjusted EBITDA is attached to this release.

Supplemental Investor Presentation

An investor presentation relating to our second quarter 2024 performance is available at **investors.xbpeurope.com**. This information has also been furnished to the SEC in a current report on Form 8-K.

About Non-GAAP Financial Measures

This press release includes constant currency, EBITDA and Adjusted EBITDA, each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). XBP Europe believes that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance, results of operations and liquidity and allows investors to better understand the trends in our business and to better understand and compare our results. XBP Europe's board of directors and management use constant currency, EBITDA and Adjusted EBITDA to assess XBP Europe's financial performance, because it allows them to compare XBP Europe's operating performance on a consistent basis across periods by removing the effects of XBP Europe's capital structure (such as varying levels of debt and interest expense, as well as transaction costs resulting from the combination with CF Acquisition Corp. VIII. on November 29, 2023). Adjusted EBITDA also seeks to remove the effects of restructuring and related expenses and other similar non-routine items, some of which are outside the control of our management team. Restructuring expenses are primarily related to the implementation of strategic actions and initiatives related to right sizing of the business. All of these costs are variable and dependent upon the nature of the actions being implemented and can vary significantly driven by business needs. Accordingly, due to that significant variability, we exclude these charges since we do not believe they truly reflect our past, current or future operating performance. The constant currency presentation excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency revenue on a constant currency basis by converting our current-period local currency revenue using the exchange rates from the corresponding prior-period and compare these adjusted amounts to our corresponding prior period reported results. XBP Europe does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in XBP Europe's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non-GAAP financial measures are not required to be uniformly applied, are not audited and should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Net loss is the GAAP measure most directly comparable to the non-GAAP measures presented here. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the schedules attached to this release.

Forward-Looking Statements

This press release contains certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act, including certain financial forecasts and projections. All statements other than statements of historical fact contained in this press release, including statements as to future results of operations and financial position, revenue and other metrics planned products and services, business strategy and plans, objectives of management for future operations of XBP Europe, market size and

growth opportunities, competitive position and technological and market trends, are forward-looking statements. Some of these forward-looking statements can be identified by the use of forward-looking words, including "may," "should," "expect," "intend," "will," "estimate," "anticipate," "believe," "predict," "plan," "targets," "projects," "could," "would," "continue," "forecast" or the negatives of these terms or variations of them or similar expressions. All forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. All forward-looking statements are based upon estimates, forecasts and assumptions that, while considered reasonable by XBP Europe and its management, as the case may be, are inherently uncertain and many factors may cause the actual results to differ materially from current expectations which include, but are not limited to: (1) the outcome of any legal proceedings that may be instituted against XBP Europe or others and any definitive agreements with respect thereto; (2) the inability to meet the continued listing standards of Nasdaq or another securities exchange; (3) the risk that the business combination disrupts current plans and operations of XBP Europe and its subsidiaries; (4) the inability to recognize the anticipated benefits of the business combination, which may be affected by, among other things, competition, the ability of XBP Europe and its subsidiaries to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (5) costs related to the business combination; (6) changes in applicable laws or regulations; (7) the possibility that XBP Europe or any of its subsidiaries may be adversely affected by other economic, business and/or competitive factors; (8) risks related to XBP Europe's potential inability to achieve or maintain profitability and generate cash; (9) the impact of the COVID-19 pandemic, including any mutations or variants thereof, and its effect on business and financial conditions; (10) volatility in the markets caused by geopolitical and economic factors; (11) the ability of XBP Europe to retain existing clients; (12) the potential inability of XBP Europe to manage growth effectively; (13) the ability to recruit, train and retain qualified personnel, and (14) other risks and uncertainties set forth in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Annual Reports on Form 10-K filed on April 1, 2024 and, our subsequent quarterly reports on Form 10-Q and our current reports on Form 8-K as filed with the Securities and Exchange Commission (the "SEC"). These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Nothing in this press release should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. Readers should not place undue reliance on forwardlooking statements, which speak only as of the date they are made. XBP Europe gives no assurance that either XBP Europe or any of its subsidiaries will achieve its expected results. XBP Europe undertakes no duty to update these forward-looking statements, except as otherwise required by law.

About XBP Europe

XBP Europe is a pan-European integrator of bills, payments and related solutions and services seeking to enable digital transformation of its more than 2,000 clients. The Company's name – 'XBP' stands for 'exchange for bills and payments' and reflects the Company's strategy to connect buyers and suppliers, across industries, including banking, healthcare, insurance, utilities and the public sector, to optimize clients' bills and payments and related digitization processes. The Company provides business process management solutions with proprietary software suites and deep domain expertise, serving as a technology and services partner for its clients. Its cloud-based structure enables it to deploy its solutions across the European market, along with the Middle East and Africa. The physical footprint of XBP Europe spans 15 countries and 32 locations and a team of approximately 1,500 individuals. XBP Europe believes its business ultimately advances digital transformation, improves market wide liquidity by expediting payments, and encourages sustainable business practices. For more information, please visit: www.xbpeurope.com.

For more XBP Europe news, commentary, and industry perspectives, visit: https://www.xbpeurope.com/ And please follow us on social: X: https://X.com/XBPEurope LinkedIn: https://www.linkedin.com/company/xbp-europe/

The information posted on XBP Europe's website and/or via its social media accounts may be deemed material to investors. Accordingly, investors, media and others interested in XBP Europe should monitor XBP Europe's website and its social media accounts in addition to XBP Europe's press releases, SEC filings and public conference calls and webcasts. Investor and/or Media Contacts:

investors@xbpeurope.com

XBP Europe Holdings, Inc. Condensed Consolidated Balance Sheets As of June 30, 2024 and December 31, 2023

(in thousands of United States dollars except share and per share amounts)

ASSETS Control toxics Circraft toxics \$ 15.562 \$ 6,695 Cash and cash equivalents \$ 21.373 30.735 Interestions: \$ 46.89 4.740 Prepaid expresses and other current assets \$ 46.89 4.740 Prepaid expresses and other current assets \$ 94.82 7.427 Total current assets \$ 94.82 7.421 Property plots and equipment, and of accumulated depreciation of \$3,473 and \$42,090, respectively \$ 12.715 \$ 13.900 Property plots and equipment, and of accumulated depreciation of \$3,473 and \$42,090, respectively \$ 22.315 \$ 22.900 Intangible assets, net \$ 0.6581 \$ 0.6581 \$ 0.6581 \$ 0.6581 Control counce as a stet \$ 0.78 \$ 0.6581 \$ 0.05718 \$ 0.05718 IABULTITES AND STOCKIOLD ERS' DEFICIT IABULTITES \$ 0.05718 \$ 0.05718 \$ 0.05713 \$ 0.05718 \$ 0.05713 \$ 0.05718 \$ 0.05713 \$ 0.05718 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.05713 \$ 0.057		June 30, 2024 (Unaudited)		December 31, 2023	
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LIABILITIES Current liabilities Accounts payable \$ 17,086 \$ 17,086 \$ 14,414 Accounts payables 11,108 \$ 13,350 Accrued compensation and benefits 16,777 16,583 Current portion of finance lease liabilities 11,87 \$ 60,044 Current portion of finance lease liabilities 1,92 1,941 Current portion of operating lease liabilities 1,92 1,941 Current portion of long-term debts 5,373 3,863 Total current liabilities 5,373 3,863 Total current liabilities, net of current portion - 26,837 12,763 Finance lease liabilities, net of current portion - 26,837 12,208 Operating lease liabilities, net of current portion - 26,837 12,208 Operating lease liabilities, net of current portion - 26,837 16,355 Total liabilities 1,657 1,635 16,355 16,355 Total liabilities, net of current portion - - 2,055 Total liabilities 1,657					
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Accrued compensation and benefits 16,777 16,583 Customer deposits 713 536 Deferred revenue 5,194 6,004 Current portion of finance lease liabilities 436 638 Current portion of operating lease liabilities 1,902 1,941 Current portion of operating lease liabilities 5,373 3,863 Tota current liabilities 26,837 12,763 Related party notes payable 1,497 1,542 Long-term debt, net of current maturities 26,837 12,763 Finance lease liabilities, net of current portion - 23 Pension liabilities 11,875 12,208 Operating lease liabilities, net of current portion 4,674 5,065 Other long-term liabilities 1,657 1,635 Total liabilities 11,875 115,307 Commitments and Contingencies (Note 12) - - STOCKHOLDERS' DEFICIT - - Preferred stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively - <td>Related party payables</td> <td></td> <td>11,108</td> <td></td> <td>13,350</td>	Related party payables		11,108		13,350
Customer deposits 713 536 Deferred revenue 5,194 6,004 Current portion of finance lease liabilities 436 638 Current portion of operating lease liabilities 1,902 1,941 Current portion of long-term debts 5,373 3,863 Total current liabilities 5,373 3,863 Total current liabilities, et of current portion 79,871 82,071 Related party notes payable 1,497 1,542 Long-term debt, net of current portion - 23 Pension liabilities, net of current portion - 23 Pension liabilities, net of current portion 1,657 1,635 Total labilities, net of current portion 4,674 5,065 Other long-term liabilities, net of current portion 4,674 5,065 Other long-term liabilities 1,657 1,633 Total labilities 20,0000 pen share; 10,000,000 shares authorized; none issued and outstanding as of J and 30, 2024 and December 31, 2023, respectively - - Commitments and Contingencies (Note 12) 30 30 30 30 30<	Accrued liabilities		21,282		24,742
Deferred revenue 5,194 6,004 Current portion of finance lease liabilities 436 638 Current portion of operating lease liabilities 1,902 1,941 Current portion of long-term debts 5,373 3,863 Total current liabilities 79,871 82,4071 Related party notes payable 1,497 1,542 Long-term debt, net of current maturities 26,837 12,763 Finance lease liabilities, net of current portion - 23 Pension liabilities 11,875 12,208 Operating lease liabilities, net of current portion 4,674 5,0065 Total liabilities 1,657 1,635 Total liabilities 1,675 1,635 Total liabilities 1,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively - - Common Stock, par value of \$0,0001 per share; 10,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively - - Common Stock, par value of \$0,0001 per share; 20,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively <td>Accrued compensation and benefits</td> <td></td> <td>16,777</td> <td></td> <td>16,583</td>	Accrued compensation and benefits		16,777		16,583
Current portion of finance lease liabilities436638Current portion of operating lease liabilities1,9021,941Current portion of ong-term debts5,3733,863Total current liabilities79,87182,071Related party notes payable1,4771,542Long-term debt, net of current maturities26,83712,763Finance lease liabilities, net of current portion23Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities1,6571,635Total liabilities12,641\$ 115,307Commitments and Contingencies (Note 12)Preferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December	Customer deposits		713		536
Current portion of operating lease liabilities1,9021,941Current portion of long-term debts5,3733,863Total current liabilities79,87182,071Related party notes payable1,4971,542Long-term debt, net of current maturities26,83712,763Finance lease liabilities, net of current portion—23Pension liabilities11,87512,208Operating lease liabilities, net of current portionOperating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,6351,635Total liabilities\$12,6411\$115,307Comminements and Contingencies (Note 12)STOCKHOLDERS' DEFICITPreferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 20,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyAdditional paid in capitalAccumulated other comprehensive loss:Foreign currency translation adjustmentLong currency translation adjustment<	Deferred revenue		5,194		6,004
Current portion of long-term debts 5,373 3,863 Total current liabilities 79,871 82,071 Related party notes payable 1,497 1,542 Long-term debt, net of current maturities 26,837 12,763 Finance lease liabilities, net of current portion — 23 Pension liabilities Current portion 4,674 5,065 Other long-term liabilities 4,674 5,065 Other long-term liabilities 11,875 115,307 Commitments and Contingencies (Note 12) \$ 116,57 115,307 Common Stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively — — Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively — — Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively — — Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively —	Current portion of finance lease liabilities		436		638
Total current liabilities79,87182,071Related party notes payable1,4971,542Long-term debt, net of current maturities26,83712,763Finance lease liabilities, net of current portion—23Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities11,65711,535Total liabilities\$126,411\$STOCKHOLDERS' DEFICIT**Preferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively_——Accumulated other comprehensive loss:————Foreign currency translation adjustment(1994)(11,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss_(300)(12,568)Total stockholders' deficitCotal stockholders' deficitConstructive deficitConstructive deficitConstructive deficitConstructive deficit	Current portion of operating lease liabilities		1,902		1,941
Related party notes payable1,4971,542Long-term debt, net of current maturities26,83712,763Finance lease liabilities, net of current portion—23Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities§126,411§Total liabilities§126,411§STOCKHOLDERS' DEFICIT———Preferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160——Accumulated ofter comprehensive loss:———Foreign currency translation adjustment(994)(1,416)—Unrealized pension actuarial gains, net of tax694157	Current portion of long-term debts		5,373		3,863
Long-term debt, net of current maturities26,83712,763Finance lease liabilities, net of current portion—23Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities1,6571,635StotcKHOLDERS' DEFICIT**Preferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160—Accumulated other comprehensive loss:(18,270)(11,339)Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(300)(1,259)	Total current liabilities		79,871		82,071
Finance lease liabilities, net of current portion—23Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities1,6571,635Total liabilities1,6571,635StockHolLDERS' DEFICITPrefered stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Related party notes payable		1,497		1,542
Pension liabilities11,87512,208Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities1,6571,635Total liabilities1,0571,635StockHoLDERS' DEFICITPrefered stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160Accumulated deficit(18,270)(11,339)-Accumulated other comprehensive loss:(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Long-term debt, net of current maturities		26,837		12,763
Operating lease liabilities, net of current portion4,6745,065Other long-term liabilities1,6571,635Total liabilities126,411115,307Commitments and Contingencies (Note 12)STOCKHOLDERS' DEFICIT-Preferred stock, par value of \$0,0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0,0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160-Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Finance lease liabilities, net of current portion		_		23
Other long-term liabilities1,6571,635Total liabilities\$ 126,411\$ 115,307Commitments and Contingencies (Note 12)STOCKHOLDERS' DEFICITPreferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160-Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Pension liabilities		11,875		12,208
Other long-term liabilities1,6571,635Total liabilities\$ 126,411\$ 115,307Commitments and Contingencies (Note 12)STOCKHOLDERS' DEFICITPreferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectivelyCommon Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160-Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Operating lease liabilities, net of current portion		4,674		5,065
Commitments and Contingencies (Note 12)STOCKHOLDERS' DEFICITPreferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively—Common Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively30Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated deficit(1994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1.259)Total stockholders' deficit(18,380)(12,568)			1,657		1,635
STOCKHOLDERS' DEFICITPreferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Total liabilities	\$	126,411	\$	115,307
Preferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:110Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Commitments and Contingencies (Note 12)				
Preferred stock, par value of \$0.0001 per share; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:110Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)					
June 30, 2024 and December 31, 2023, respectively——Common Stock, par value of \$0.0001 per share; 200,000,000 shares authorized; 30,166,102 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital30160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:160Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	STOCKHOLDERS' DEFICIT				
outstanding as of June 30, 2024 and December 31, 2023, respectively3030Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)			_		_
Additional paid in capital160—Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:(14,16)Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)			30		30
Accumulated deficit(18,270)(11,339)Accumulated other comprehensive loss:Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)			160		
Accumulated other comprehensive loss:Foreign currency translation adjustment(994)(1,416)Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)			(18,270)		(11,339)
Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Accumulated other comprehensive loss:				
Unrealized pension actuarial gains, net of tax694157Total accumulated other comprehensive loss(300)(1,259)Total stockholders' deficit(18,380)(12,568)	Foreign currency translation adjustment		(994)		(1,416)
Total accumulated other comprehensive loss (300) (1,259) Total stockholders' deficit (18,380) (12,568)			694		
Total stockholders' deficit (12,568)			(300)		(1,259)
	-				
	Total liabilities and stockholders' deficit	\$		\$	

XBP Europe Holdings, Inc. Condensed Consolidated Statements of Operations For the three and six months ended June 30, 2024 and 2023

(in thousands of United States dollars except share and per share amounts)

(Unaudited)

	Three months ended June 30,			5	Six months ended June 30,			
	2024 2023		2024			2023		
Revenue, net	\$	36,031	\$	42,294	\$	76,315	\$	85,072
Related party revenue, net		81		73		147		96
Cost of revenue (exclusive of depreciation and amortization)		29,472		30,668		59,868		63,958
Related party cost of revenue		10		12		28		63
Selling, general and administrative expenses (exclusive of								
depreciation and amortization)		6,905		8,181		14,851		16,595
Related party expense		1,215		1,133		2,177		2,298
Depreciation and amortization		923		946		1,880		1,856
Operating profit (loss)		(2,413)		1,427		(2,342)		398
Other expense (income), net								
Interest expense, net		1,466		1,187		2,893		2,440
Related party interest expense (income), net		22		(51)		41		(6)
Foreign exchange losses, net		704		661		1,536		940
Changes in fair value of warrant liability		(3)		—		(40)		—
Pension income, net		(421)		(197)		(843)		(389)
Net loss before income taxes		(4,181)		(173)		(5,929)		(2,587)
Income tax expense		542		385		1,002		477
Net loss	\$	(4,723)	\$	(558)	\$	(6,931)	\$	(3,064)
Loss per share:			-					
Basic and diluted	\$	(0.16)	\$	(0.03)	\$	(0.23)	\$	(0.14)

XBP Europe Holdings, Inc. Condensed Consolidated Statements of Cash Flows For the six months ended June 30, 2024 and 2023 (in thousands of United States dollars)

	Six months e	Six months ended June 30,		
	2024	2023		
Cash flows from operating activities				
Net loss	\$ (6,931)	\$ (3,064		
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	1,520	1,663		
Amortization of intangible assets	360	228		
Credit loss expense	176	124		
Changes in fair value of warrant liability	(40)	_		
Stock-based compensation expense	160	_		
Unrealized foreign currency losses	1,323	734		
Change in deferred income taxes	(80)	(30		
Change in operating assets and liabilities				
Accounts receivable	1,799	3,409		
Inventories	(83)	135		
Prepaid expense and other assets	(2,482)	1,061		
Accounts payable	3,000	(3,426		
Related parties payable	(2,221)	1,695		
Accrued expenses and other liabilities	(1,528)	(2,184		
Deferred revenue	(708)	(1,903		
Customer deposits	195	89		
Net cash used in operating activities	(5,540)	(1,469		
Cash flows from investing activities				
Purchase of property, plant and equipment	(553)	(1,993		
Additions to internally developed software	(173)			
Net cash used in investing activities	(726)	(1,993		
Cash flows from financing activities				
Borrowings under secured borrowing facility	—	62,962		
Principal repayment on borrowings under secured borrowing facility	(18)	(63,571		
Borrowings under 2024 Revolving Credit Facility	15,339	_		
Principal payments on long-term obligations	(468)	(456		
Proceeds from Secured Credit Facility	972	_		
Principal payments on finance leases	(207)	(381		
Net cash provided by (used in) financing activities	15,618	(1,446		
Effect of exchange rates on cash and cash equivalents	(695)	(86		
Net increase (decrease) in cash and cash equivalents	8,657	(4,994		
Cash and equivalents, beginning of period	6,905	7,473		
Cash and equivalents, end of period	\$ 15,562	\$ 2,479		
Supplemental cash flow data:				
Income tax payments, net of refunds received	60	568		
Interest paid	1,053	888		

XBP Europe Holdings, Inc. Schedule 1: Reconciliation of Adjusted EBITDA and constant currency revenues

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Non-GAAP constant currency revenue reconciliation

	Three Months ended June 30,			
(\$ in thousands)	2024	2023		
Revenues, as reported (GAAP)	36,112	42,367		
Foreign currency exchange impact ⁽¹⁾	259			
Revenues, at constant currency (Non-GAAP)	36,371	42,367		

Reconciliation of Adjusted EBITDA

	Three Months ended June 30,			
(\$ in thousands)	2024	2023		
Net loss (GAAP)	(4,723)	(558)		
Income tax expenses	542	385		
Interest expense including related party interest expense, net	1,488	1,136		
Depreciation and amortization	923	946		
EBITDA (Non-GAAP)	(1,770)	1,909		
Restructuring and related expenses (2)	249	472		
Employment litigation matter ⁽³⁾	917	345		
Related party management fee and royalties	-	421		
Foreign exchange losses, net	704	660		
Non-cash equity compensation (4)	160	-		
Changes in fair value of warrant liability	(3)	-		
Transaction Fees ⁽⁵⁾	30	202		
Adjusted EBITDA (Non-GAAP) ⁽⁶⁾	287	4,009		

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the quarter ended June 30, 2023, to the revenues during the corresponding period in 2024.

(2) Adjustment represents costs associated with restructuring, including employee severance and vendor and lease termination costs.

(3) Represents the litigation settlement and associated expenses incurred in connection with the Company subsidiary litigation.

(4) Represents the non-cash charges related to restricted stock units and options.

(5) Represents transaction costs incurred as part of the Business Combination.

(6) Supplemental financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures should not be considered as alternatives to operating or net income or cash flows from operating activities, in each case determined in accordance with GAAP. These non-GAAP financial measures are among the indicators used by management to measure the performance of the Company's operations, and also among the criteria upon which performance-based compensation may be based. Adjusted EBITDA also is used by our lenders for debt covenant compliance purposes.

Similar non-GAAP financial measures may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures. Because of these limitations, you should consider the non-GAAP financial measures alongside other performance measures and liquidity measures, including operating income, various cash flow metrics, net income and our other GAAP results.