



First Quarter 2024 Results

May 13, 2024



©XBP EUROPE 2024

Safe Harbor Statements

Forward-Looking Statements: Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “may”, “should”, “would”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “seem”, “seek”, “continue”, “future”, “will”, “expect”, “outlook” or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, estimated or anticipated future results and benefits, future opportunities for XBP Europe Holdings, Inc. (“XBP Europe” or the “Company”), and other statements that are not historical facts. These statements are based on the current expectations of XBP Europe management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties, including without limitation (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 subsequent filings with the Securities and Exchange Commission (the “SEC”). In addition, forward-looking statements provide XBP Europe’s expectations, plans or forecasts of future events and views as of the date of this communication. XBP Europe anticipates that subsequent events and developments will cause XBP Europe’s assessments to change. These forward-looking statements should not be relied upon as representing XBP Europe’s assessments as of any date subsequent to the date of this presentation.

Non-GAAP Financial Measures: This presentation 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 business combination with CF Acquisition Corp. VIII on November 29, 2023). Adjusted EBITDA also seeks to remove the effects of integration and related restructuring 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 and Adjusted EBITDA on a constant currency basis by converting our current-period local currency financial results 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 slide titled Reconciliation of non-GAAP measures.

Rounding: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Supplemental Information: These slides are not intended to be a stand-alone presentation but should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto included in our public filings.



About XBP Europe

Who, Where, Why & What

Who

XBP Europe Holdings, Inc. (Nasdaq: XBP, XBPEW), is a pan-European integrator of bills, payments, and related solutions and services seeking to enable the digital transformation of our clients. We serve many of the largest private and public sector clients in the UK and Europe, and our extensive network reaches majority of populations in key European markets.

Why

As a public company, we are able to participate in the large European economy, grow with our clients, and create value for our employees and stakeholders.

Where

Secure hybrid cloud infrastructure enables XBP Europe to deploy its solutions to clients across the European market, along with the Middle East and Africa. Our physical footprint spans 15 countries in over 32 locations supported by our ~1,500 employees.

What

We provide bills and payments process management by partnering with our clients, enabling their data modernization and AI journeys with suites of solutions and services.

Listed on NASDAQ - see our website [here](#)



XBP Europe product suites - Summary

Banking & Finance

One of largest non-bank processors of payments in Europe

- Request to Pay [RtP/UK, R2P/EU]
- Confirmation of Payee [CoP]
- Know Your Customer [KYC]
- Mortgage & Loan Origination
- Payment Processing
- Foreign Exchange & Cross-Border Payments
- Check clearing infrastructure

Enterprise Information Management

Scan, process, digitize documents and get usable data

- Intelligent Document Processing
- Document Digitization
- Data Visualisation
- Big Data Analytics
- Infrastructure AI

Finance & Accounting

Enhanced invoicing, payments, reporting, analysis

- Exchange for Bills & Payments [XBP]
- Procure to Pay [P2P]
- Order to Cash [O2C]
- F&A Outsourcing
- ERP Data Consolidation

Cloud & AI powered Cyber Security

- AI enabled cyber security
- Data modernization
- Cloud migration and management

Integrated Communications

Optimize communications over physical/digital channels

- XBP OmniDirect
- Print & Mail
- Contact Center Services

Work From Anywhere

Digital workplace and remote working technologies

- Digital Mailroom [DMR]
- Smart Lockers
- Digital Signature [Drysign]

Small & Medium Businesses (SMB)

Modular SaaS solutions that scale with a business

- XBP SMB
- DMR SMB
- Beats
- Peri

Intelligent Process Automation

Automate to digitally transform manual processes

- Workflow Automation
- Robotic Process Automation
- Data Science Projects



We serve a diversified base of public and private sector customers

Industry Specific and Industry Agnostic Enterprise Software and Services

Large Enterprises and Small Businesses Finance Departments

[F&A, EIM, IPA, IC, WFA, SaaS]

We empower accounting and finance through a suite of solutions that offer automation, communication, and business insights to seamlessly manage transactions and help to improve liquidity.

#Financial Services

50+ Enterprise level clients across all regions



Financial Institutions, Banks & Insurance Companies

[Digital Banking, Financial BPO Services]

We help financial institutions to provide a better experience to billers, payers, and clients, thereby optimizing payment transactions and improving satisfaction, loyalty, and retention.

#Banking

- 30 top global and European banks
- Provider of state-of-the-art technology platform that processes 100% of UK cheque clearing
- XBP Europe's technology supports ~63 million online banking customers



Governments & Public Sector Organizations

[EIM, BPO]

We help governments and public sector organizations on their digital transformation journey, including workflow solutions, documents processing, and content management.

#Public Sector

Serving 55+ central & local governmental entities across 7 countries



1Q 2024 Financial Summary and Highlights



1Q 2024 at a Glance

<p>Revenue \$40.4M</p> <p>YoY -5.7% ▼ Sequentially -2.0% ▼</p>	<p>Gross Margin 24.6%</p> <p>YoY +2.5% ▲ Sequentially +2.7% ▲</p>	<p>SG&A \$7.9M</p> <p>YoY -5.6% ▼ Sequential -23.2% ▼</p>	<p>Operating Profit \$0.1 M</p> <p>YoY +\$1.1M ▲ Sequentially +\$3.3M ▲</p>	<p>Adj EBITDA¹ \$1.8M</p> <p>YoY -23.4% ▼ Sequentially -56.9% ▼</p>
<p>Employees -1,500</p>	<p>Technology segment Gross Margin 55.6%</p> <p>YoY +5.6% ▲ Sequentially +2.8% ▲</p>	<p>Investments in Sales Opened two new sales offices: Frankfurt and Paris</p>	<p>New Business Win Rate 51% higher YoY ▲</p>	<p>Adj EBITDA Margin 4.5%</p> <p>YoY -1.1% ▼ Sequentially -5.8% ▼</p>

1: Reference Adj EBITDA reconciliation on slide 13



1Q 2024 Financial Highlights

	1Q 2024	1Q 2023	YoY
Revenue, net	\$ 40,350	\$ 42,801	-5.7%
Operating Profit	71	(1,029)	NM
Net Loss Before Tax	(1,748)	(2,414)	-27.6%
Net Loss	(2,208)	(2,506)	-11.9%
Adj EBITDA ¹	1,831	2,391	-23.4%
Capital Expenditures	(385)	(622)	-38.1%
EPS	\$ (0.07)	\$ (0.11)	NM
Gross Margin	24.6%	22.1%	2.5%
Adj EBITDA Margin	4.5%	5.6%	-1.1%

- Revenue decline primarily due to large one-time license sale in 1Q 2023
- Gross Margin improved YoY driven by improved product mix shift towards high-margin Technology revenues

1: Reference Adj EBITDA reconciliation on slide 13



Driving Higher Gross Margin Through Operating Leverage and Mix Shift

		<u>1Q 2024</u>	<u>1Q 2023</u>	<u>YoY</u>
Bills & Payments	Revenue	\$ 28,874	\$ 33,568	-14.0%
	Cost of Revenue	25,317	28,725	-11.9%
	Gross Margin	12.3%	14.4%	-2.1%
	% of Total Revenue	71.6%	78.4%	-6.9%
Technology	Revenue	\$ 11,476	\$ 9,233	24.3%
	Cost of Revenue	5,097	4,616	10.4%
	Gross Margin	55.6%	50.0%	5.6%
	% of Total Revenue	28.4%	21.6%	6.9%
Total XBP Europe	Revenue	\$ 40,350	\$ 42,801	-5.7%
	Cost of Revenue	\$ 30,414	\$ 33,341	-8.8%
	Gross Margin	24.6%	22.1%	2.5%

- Technology increased to 28.4% of total revenues, up 690 bps YoY, contributing significantly to overall improvement in gross margin
- Bills & Payments gross margin declined modestly YoY; however, ramp of large-scale projects combined with increased operating leverage are expected to have a positive impact on gross margin



Appendix



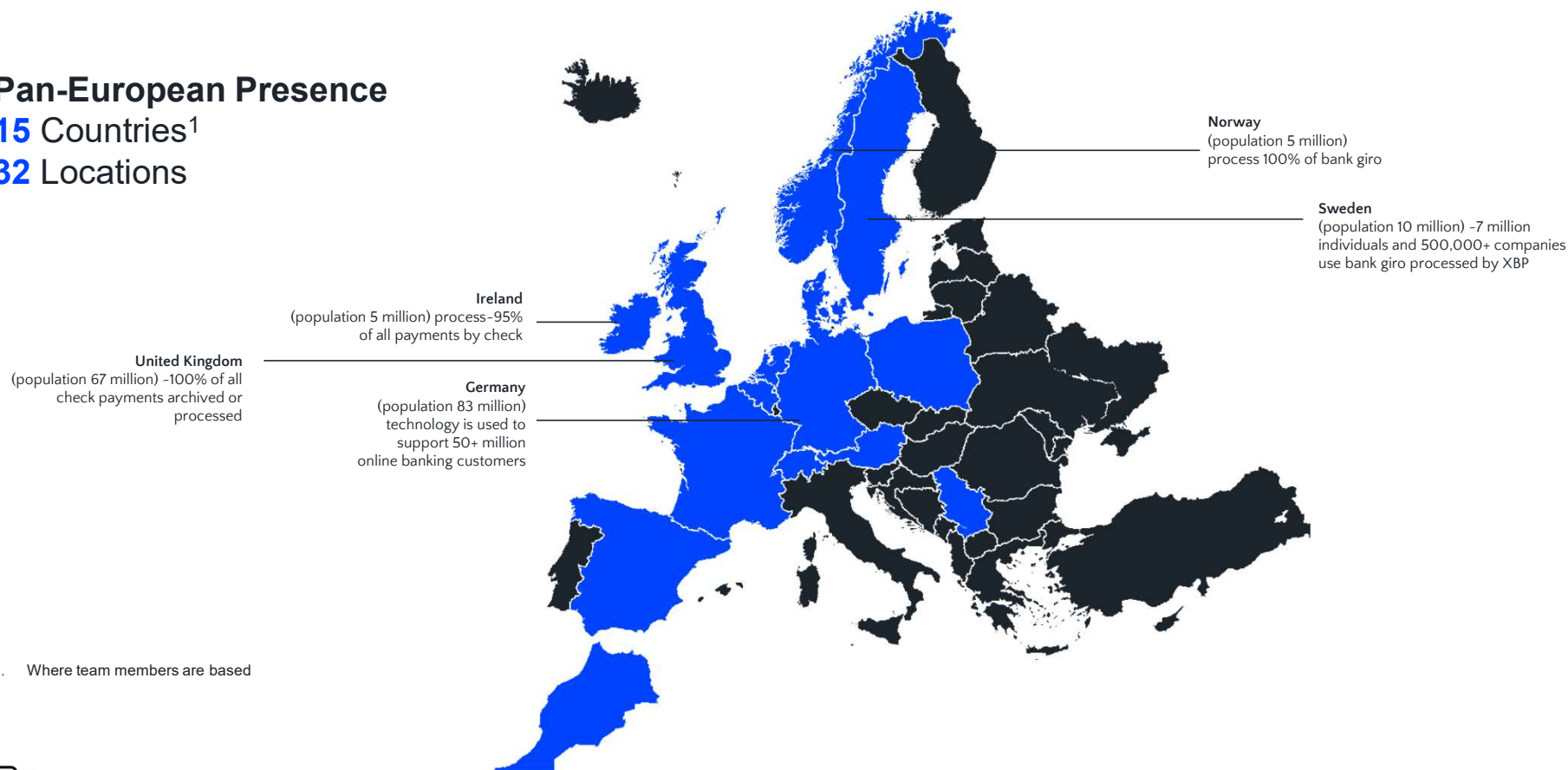
Our presence in EMEA

XBP Europe Solutions reach majority of populations in key markets. The Company processed several hundred million payment transactions in 2023.

Pan-European Presence

15 Countries¹

32 Locations

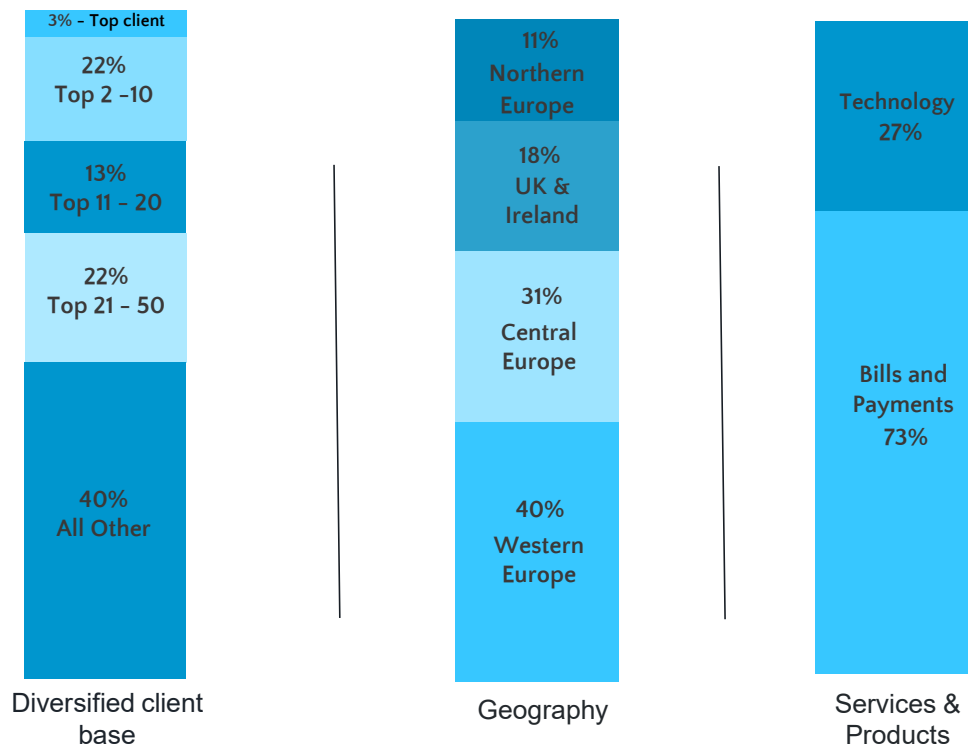


1. Where team members are based



Client and industry diversification

\$167M FY2023 Revenue



Adjusted EBITDA Reconciliation

(\$ in thousands)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	FY 2022	FY 2023
Net Loss	(\$2,506)	(\$557)	(\$2,887)	(\$5,097)	(\$2,208)	(\$7,929)	(\$11,047)
Income tax expense	92	385	1,046	(917)	460	2,562	606
Interest expense including related party interest expense, net	1,298	1,136	1,270	3,490	1,446	3,037	7,195
Depreciation and amortization	910	946	1,095	899	957	4,390	3,851
EBITDA	(\$206)	\$1,910	\$524	(\$1,625)	\$655	\$2,060	\$605
Restructuring and related expenses ⁽¹⁾	818	817	374	4,663	332	2,247	6,671
Related party management fees and royalties ⁽²⁾	401	421	334	199	-	5,401	1,355
Foreign exchange losses (gains), net	279	660	(529)	183	832	1,184	593
Changes in fair value of warrant liability	-	-	-	(597)	(37)	-	(597)
Transaction Fees ⁽³⁾	1,099	202	244	1,425	49	3,595	2,970
Adjusted EBITDA ⁽⁴⁾	\$2,391	\$4,010	\$947	\$4,248	\$1,831	\$14,487	\$11,597

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

(2) Primarily represents management fee incurred in exchange for services, which included provision of legal, human resources, corporate finance, and marketing support. The management services agreement was terminated in connection with the Business Combination and was replaced by the related party service fee pursuant to the Services Agreement which reduced the fee and modified the services provided.

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

(4) 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.



Non-GAAP Reconciliation

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Non-GAAP constant currency revenue reconciliation

(\$ in thousands)	Quarter ended March 31,	
	2024	2023
Revenues, as reported (GAAP)	40,350	42,801
Foreign currency exchange impact ⁽¹⁾	(673)	
Revenues, at constant currency (Non-GAAP)	39,677	42,801

Reconciliation of Adjusted EBITDA

(\$ in thousands)	Quarter ended March 31,	
	2024	2023
Net loss (GAAP)	(2,208)	(2,506)
Income tax expenses	460	92
Interest expense including related party interest expense, net	1,446	1,298
Depreciation and amortization	957	910
EBITDA (Non-GAAP)	655	(206)
Restructuring and related expenses ⁽²⁾	332	818
Related party management fee and royalties	-	401
Foreign exchange losses, net	832	279
Changes in fair value of warrant liability	(37)	-
Transaction Fees ⁽³⁾	49	1,099
Adjusted EBITDA (Non-GAAP) ⁽⁴⁾	1,831	2,391

- (1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the quarter ended March 31, 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 transaction costs incurred as part of the Business Combination.
- (4) 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.



Defined Terms in Presentation and Notes

- ACV: Annual contract value in dollars
- Gross Margin: Total revenue less cost of revenue as a percentage of total revenue
- Capital Expenditures: Funds used to buy, maintain, or improve physical or fixed assets used in the Company's operations
- New Business Win Rate: ACV closed in the period versus prior period

