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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 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: 001-40482

TaskUs, Inc.

(Exact name of registrant as specified in its charter)

Delaware

83-1586636

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1650 Independence Drive, Suite 100
New Braunfels, Texas

78132

(Address of principal executive offices)

(Zip Code)

(888) 400-8275

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.01 per share	TASK	The Nasdaq Stock Market LLC

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

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 1, 2024, the number of shares outstanding of the registrant's common stock was as follows: Class A common stock, par value \$0.01 per share: 19,274,866; Class B common stock, par value \$0.01 per share: 70,032,694.

[Table of Contents](#)

TASKUS, INC.
Quarterly Report on Form 10-Q
For Quarterly Period Ended September 30, 2024
Table of Contents

	Page No.
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	1
<u>WEBSITE AND SOCIAL MEDIA DISCLOSURE</u>	2
PART I.	<u>FINANCIAL INFORMATION</u>
Item 1.	<u>Financial Statements</u>
	<u>Unaudited Condensed Consolidated Balance Sheets</u>
	<u>Unaudited Condensed Consolidated Statements of Income</u>
	<u>Unaudited Condensed Consolidated Statements of Comprehensive Income</u>
	<u>Unaudited Condensed Consolidated Statements of Shareholders' Equity</u>
	<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
Item 4.	<u>Controls and Procedures</u>
PART II.	<u>OTHER INFORMATION</u>
Item 1.	<u>Legal Proceedings</u>
Item 1A.	<u>Risk Factors</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
Item 3.	<u>Defaults Upon Senior Securities</u>
Item 4.	<u>Mine Safety Disclosures</u>
Item 5.	<u>Other Information</u>
Item 6.	<u>Exhibits</u>
	<u>Signatures</u>

[Table of Contents](#)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements may also be contained in our other reports filed under Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which involve certain known and unknown risks and uncertainties. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "trends," "plans," "estimates," "anticipates," "position us," or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Our actual results may differ significantly from any results expressed or implied by any forward-looking statements. A summary of the principal risk factors that might cause our actual results to differ from our forward-looking statements is set forth below. The following is only a summary of the principal risks that may materially adversely affect our business, financial condition and results of operations. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report and the Company's other filings with the Securities and Exchange Commission (the "SEC"), and the more complete discussion of the risk factors we face, which are set forth under Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (our "Annual Report") as filed with the SEC, as such risk factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Such risks and uncertainties include, but are not limited to, the following:

- Our business is dependent on key clients, and the loss of a key client could have an adverse effect on our business and results of operations.
- Our clients may terminate contracts before completion or choose not to renew contracts and loss of business or non-payment from clients could materially affect our results of operations.
- We may fail to cost-effectively acquire and retain new clients, which would adversely affect our business, financial condition and results of operations.
- If we provide inadequate service or cause disruptions in our clients' businesses or fail to comply with the quality standards required by our clients under our agreements, it could result in significant costs to us, the loss of our clients and damage to our corporate reputation.
- Utilization of artificial intelligence by our clients or our failure to incorporate artificial intelligence into our operations could adversely affect our business, reputation, or financial results.
- Our business prospects will suffer if we are unable to continue to anticipate our clients' needs by adapting to market and technology trends, investing in technology as it develops, and adapting our services and solutions to changes in technology and client expectations.
- Unauthorized or improper disclosure of personal or other sensitive information, or security breaches and incidents, whether inadvertent or purposeful, including as the result of a cyber-attack, could result in liability and harm our reputation, each of which could adversely affect our business, financial condition, results of operations and prospects.
- Trust and Safety, including content monitoring and moderation services, is a large portion of our business. The long-term impacts on the mental health and well-being of our employees doing this work are unknown. This work may lead to stress disorders and may create liabilities for us. This work is also subject to significant press and regulatory scrutiny. As a result, we may be subject to negative publicity or liability, or face difficulties recruiting and retaining employees, any of which could have an adverse effect on our reputation, business, financial condition and results of operations.
- Our failure to detect and deter criminal or fraudulent activities or other misconduct by our employees, or third parties such as contractors and consultants that may have access to our data, could result in loss of trust from our clients and negative publicity, which would have an adverse effect on our business and results of operations.
- Global economic and political conditions, especially in the social media and meal delivery and transport industries from which we generate significant revenue, could adversely affect our business, results of operations, financial condition and prospects.
- Our business is heavily dependent upon our international operations, particularly in the Philippines and India, and any disruption to those operations would adversely affect us.
- Our business is subject to a variety of U.S. federal and state, as well as international laws and regulations, including those regarding data privacy and security, and we or our clients may be subject to regulations related to the processing of certain types of sensitive and confidential information. Any failure to comply with applicable data privacy and security laws and regulations could harm our business, results of operations and financial condition.
- Fluctuations against the U.S. dollar in the local currencies in the countries in which we operate could have a material effect on our results of operations.
- Our business depends on a strong brand and corporate reputation, and if we are not able to maintain and enhance our brand, our ability to expand our client base could be impaired and our business and operating results will be adversely affected.
- Pricing pressure may reduce our revenue or gross profits and adversely affect our financial results.
- Our results of operations have been, and could in the future be, adversely affected by volatile, unfavorable or uncertain economic and political conditions, particularly in the markets in which our clients and operations are concentrated, and the effects of these conditions on our clients' businesses.

- The success of our business depends on our senior management and key employees.
- Increases in employee expenses as well as changes to labor laws could reduce our profit margin.
- We may fail to attract, hire, train and retain sufficient numbers of skilled employees in a timely fashion at our sites to support our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.
- We may face difficulties as we expand our operations into countries or industries in which we have no prior operating experience and in which we may be subject to increased business, economic and regulatory risks that could impact our results of operations.
- Our business relies heavily on owned and third-party technology and computer systems, which subjects us to various uncertainties.
- Our profitability will suffer if we are not able to maintain asset utilization levels, price appropriately and control our costs.
- Certain investment funds associated with Blackstone Inc. and our Co-Founders control us and their interests may conflict with ours or yours in the future.
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our common stock prior to the completion of our June 2021 initial public offering, and it may depress the trading price of our Class A common stock.
- The market price of shares of our Class A common stock has been, and may continue to be, volatile and may decline regardless of our operating performance, which could cause the value of your investment to decline.

We urge you to carefully consider the foregoing summary together with the risks discussed under "Risk Factors" in the Annual Report, and in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

We use our website (www.taskus.com) and our social media outlets, such as Facebook, Instagram, LinkedIn, YouTube and X (formerly known as Twitter) as channels of distribution of Company information. The information we post through these channels may be deemed material. Financial and other important information regarding the Company is routinely posted on and accessible through the Company's website at ir.taskus.com, its Facebook page at facebook.com/TaskUs/, its Instagram page at instagram.com/taskus/, its LinkedIn page at linkedin.com/company/taskus/, its YouTube account at youtube.com/c/Taskus/ and its X account at twitter.com/taskus. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about the Company when you enroll your email address by visiting the "Email Alerts" section of our investor relations website at ir.taskus.com. The contents of our website and social media channels are not, however, a part of this Quarterly Report.

[Table of Contents](#)

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

TASKUS, INC.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share data)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 180,381	\$ 125,776
Accounts receivable, net of allowance for credit losses of \$1,836 and \$1,978, respectively	200,780	176,812
Income tax receivable	8,472	2,021
Prepaid expenses and other current assets	29,777	23,909
Total current assets	<u>419,410</u>	<u>328,518</u>
Noncurrent assets:		
Property and equipment, net	65,127	68,893
Operating lease right-of-use assets	47,352	44,326
Deferred tax assets	6,651	4,857
Intangibles	178,084	192,958
Goodwill	218,359	218,108
Other noncurrent assets	7,114	6,542
Total noncurrent assets	<u>522,687</u>	<u>535,684</u>
Total assets	<u><u>\$ 942,097</u></u>	<u><u>\$ 864,202</u></u>
Liabilities and Shareholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 38,464	\$ 26,054
Accrued payroll and employee-related liabilities	59,514	40,291
Current portion of debt	13,122	8,059
Current portion of operating lease liabilities	18,116	15,872
Current portion of income tax payable	6,239	7,451
Deferred revenue	3,646	4,077
Total current liabilities	<u>139,101</u>	<u>101,804</u>
Noncurrent liabilities:		
Income tax payable	4,678	4,621
Long-term debt	246,325	256,166
Operating lease liabilities	31,677	31,475
Accrued payroll and employee-related liabilities	5,212	3,978
Deferred tax liabilities	25,229	25,214
Other noncurrent liabilities	85	233
Total noncurrent liabilities	<u>313,206</u>	<u>321,687</u>
Total liabilities	<u><u>452,307</u></u>	<u><u>423,491</u></u>
Commitments and Contingencies (See Note 10)		
Shareholders' equity:		
Class A common stock, \$0.01 par value. Authorized 2,500,000,000; 32,555,207 issued and 19,415,430 outstanding and 30,522,570 issued and 18,725,947 outstanding, respectively	326	305
Class B convertible common stock, \$0.01 par value. Authorized 250,000,000; 70,032,694 and 70,032,694 shares issued and outstanding, respectively	700	700
Additional paid-in capital	714,471	683,117
Accumulated deficit	(52,973)	(89,984)
Accumulated other comprehensive loss	(13,324)	(9,551)
Treasury stock, at cost. 13,139,777 and 11,796,623 shares, respectively	(159,410)	(143,876)
Total shareholders' equity	<u>489,790</u>	<u>440,711</u>
Total liabilities and shareholders' equity	<u><u>\$ 942,097</u></u>	<u><u>\$ 864,202</u></u>

See accompanying notes to unaudited condensed consolidated financial statements.

TASKUS, INC.
Unaudited Condensed Consolidated Statements of Income
(in thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Service revenue	\$ 255,345	\$ 225,626	\$ 720,743	\$ 690,101
Operating expenses:				
Cost of services	153,765	130,139	433,052	401,455
Selling, general, and administrative expense	62,650	57,114	171,830	179,583
Depreciation	9,758	9,762	30,525	29,502
Amortization of intangible assets	4,988	5,027	14,955	15,276
Loss (gain) on disposal of assets	(10)	640	(93)	772
Total operating expenses	231,151	202,682	650,269	626,588
Operating income	24,194	22,944	70,474	63,513
Other expense (income), net	898	2,895	(2,007)	34
Financing expenses	5,504	5,712	16,532	16,141
Income before income taxes	17,792	14,337	55,949	47,338
Provision for income taxes	5,093	4,565	18,938	17,925
Net income	<u>\$ 12,699</u>	<u>\$ 9,772</u>	<u>\$ 37,011</u>	<u>\$ 29,413</u>
Net income per common share:				
Basic	\$ 0.14	\$ 0.11	\$ 0.42	\$ 0.31
Diluted	\$ 0.14	\$ 0.10	\$ 0.40	\$ 0.30
Weighted-average number of common shares outstanding:				
Basic	88,978,159	92,480,316	88,701,787	95,522,026
Diluted	92,579,919	94,035,111	92,019,911	97,729,230

See accompanying notes to unaudited condensed consolidated financial statements.

TASKUS, INC.
Unaudited Condensed Consolidated Statements of Comprehensive Income
(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	\$ 12,699	\$ 9,772	\$ 37,011	\$ 29,413
Unrealized gain on derivative contracts	247	—	247	—
Retirement benefit reserves	(20)	(14)	2	13
Foreign currency translation adjustments	7,025	(3,559)	(4,022)	(3,682)
Comprehensive income	<u>\$ 19,951</u>	<u>\$ 6,199</u>	<u>\$ 33,238</u>	<u>\$ 25,744</u>

See accompanying notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

TASKUS, INC.
Unaudited Condensed Consolidated Statements of Shareholders' Equity
(in thousands, except share data)

	Capital stock and additional paid-in capital								Accumulated other comprehensive loss			Total shareholders' equity	
	Class A common stock		Class B convertible common stock		Additional paid-in capital		Accumulated deficit	other comprehensive loss	Treasury stock				
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Shares	Amount				
Balance as of December 31, 2022	29,257,651	\$ 293	70,032,694	\$ 700	\$ 631,908	\$ (135,674)	\$ (10,647)	1,649,931	\$ (30,967)	\$ 455,613			
Issuance of common stock for settlement of equity awards	246,537	2	—	—	207	—	—	—	—	—	—	209	
Shares withheld related to net share settlement	(14,293)	—	—	—	(257)	—	—	—	—	—	—	(257)	
Repurchase of common stock	—	—	—	—	—	—	—	389,801	(6,374)	(6,374)			
Stock-based compensation expense	—	—	—	—	13,464	—	—	—	—	—	—	13,464	
Net income	—	—	—	—	—	9,509	—	—	—	—	—	9,509	
Other comprehensive income	—	—	—	—	—	—	3,591	—	—	—	—	3,591	
Balance as of March 31, 2023	29,489,895	\$ 295	70,032,694	\$ 700	\$ 645,322	\$ (126,165)	\$ (7,056)	2,039,732	\$ (37,341)	\$ 475,755			
Issuance of common stock for settlement of equity awards	338,035	3	—	—	187	—	—	—	—	—	—	190	
Shares withheld related to net share settlement	(23,705)	—	—	—	(293)	—	—	—	—	—	—	(293)	
Repurchase of common stock	—	—	—	—	—	—	—	3,223,283	(38,338)	(38,338)			
Stock-based compensation expense	—	—	—	—	15,040	—	—	—	—	—	—	15,040	
Net income	—	—	—	—	—	10,132	—	—	—	—	—	10,132	
Other comprehensive loss	—	—	—	—	—	—	(3,687)	—	—	—	—	(3,687)	
Balance as of June 30, 2023	29,804,225	\$ 298	70,032,694	\$ 700	\$ 660,256	\$ (116,033)	\$ (10,743)	5,263,015	\$ (75,679)	\$ 458,799			
Issuance of common stock for settlement of equity awards	661,158	7	—	—	148	—	—	—	—	—	—	155	
Shares withheld related to net share settlement	(136,501)	(1)	—	—	(1,484)	—	—	—	—	—	—	(1,485)	
Repurchase of common stock	—	—	—	—	—	—	—	4,541,983	(48,753)	(48,753)			
Stock-based compensation expense	—	—	—	—	13,833	—	—	—	—	—	—	13,833	
Net income	—	—	—	—	—	9,772	—	—	—	—	—	9,772	
Other comprehensive loss	—	—	—	—	—	—	(3,573)	—	—	—	—	(3,573)	
Balance as of September 30, 2023	30,328,882	\$ 304	70,032,694	\$ 700	\$ 672,753	\$ (106,261)	\$ (14,316)	9,804,998	\$ (124,432)	\$ 428,748			

	Capital stock and additional paid-in capital						Accumulated				Total shareholders' equity	
	Class A common stock		Class B convertible common stock		Additional paid-in capital		Accumulated deficit	other comprehensive loss	Treasury stock			
	Shares	Amount	Shares	Amount	\$ 683,117	\$ (89,984)	\$ (9,551)	Shares	Amount			
Balance as of December 31, 2023	30,522,570	\$ 305	70,032,694	\$ 700	\$ 683,117	\$ (89,984)	\$ (9,551)	11,796,623	\$ (143,876)	\$ 440,711		
Issuance of common stock for settlement of equity awards	620,835	6	—	—	189	—	—	—	—	—	195	
Shares withheld related to net share settlement	(122,480)	(1)	—	—	(1,573)	—	—	—	—	—	(1,574)	
Repurchase of common stock	—	—	—	—	—	—	—	285,611	(3,379)	(3,379)		
Stock-based compensation expense	—	—	—	—	10,235	—	—	—	—	—	10,235	
Net income	—	—	—	—	—	11,714	—	—	—	—	11,714	
Other comprehensive loss	—	—	—	—	—	—	(3,308)	—	—	—	(3,308)	
Balance as of March 31, 2024	31,020,925	\$ 310	70,032,694	\$ 700	\$ 691,968	\$ (78,270)	\$ (12,859)	12,082,234	\$ (147,255)	\$ 454,594		
Issuance of common stock for settlement of equity awards	722,711	7	—	—	1,849	—	—	—	—	—	1,856	
Shares withheld related to net share settlement	(40,437)	—	—	—	(500)	—	—	—	—	—	(500)	
Repurchase of common stock	—	—	—	—	—	—	—	1,024,556	(11,759)	(11,759)		
Stock-based compensation expense	—	—	—	—	11,121	—	—	—	—	—	11,121	
Net income	—	—	—	—	—	12,598	—	—	—	—	12,598	
Other comprehensive loss	—	—	—	—	—	—	(7,717)	—	—	—	(7,717)	
Balance as of June 30, 2024	31,703,199	\$ 317	70,032,694	\$ 700	\$ 704,438	\$ (65,672)	\$ (20,576)	13,106,790	\$ (159,014)	\$ 460,193		
Issuance of common stock for settlement of equity awards	977,511	10	—	—	1,240	—	—	—	—	—	1,250	
Shares withheld related to net share settlement	(125,503)	(1)	—	—	(1,805)	—	—	—	—	—	(1,806)	
Repurchase of common stock	—	—	—	—	—	—	—	32,987	(396)	(396)		
Stock-based compensation expense	—	—	—	—	10,598	—	—	—	—	—	10,598	
Net income	—	—	—	—	—	12,699	—	—	—	—	12,699	
Other comprehensive income	—	—	—	—	—	—	7,252	—	—	—	7,252	
Balance as of September 30, 2024	32,555,207	\$ 326	70,032,694	\$ 700	\$ 714,471	\$ (52,973)	\$ (13,324)	13,139,777	\$ (159,410)	\$ 489,790		

See accompanying notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

TASKUS, INC.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 37,011	\$ 29,413
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	30,525	29,502
Amortization of intangibles	14,955	15,276
Amortization of debt financing fees	447	447
Loss (gain) on disposal of assets	(93)	772
Benefit from credit losses	(25)	—
Unrealized foreign exchange losses (gains) on forward contracts	(166)	6,020
Deferred taxes	(1,813)	(255)
Stock-based compensation expense	31,954	42,337
Changes in operating assets and liabilities:		
Accounts receivable	(23,452)	(680)
Prepaid expenses and other current assets	(5,807)	(4,403)
Operating lease right-of-use assets	11,883	10,670
Other noncurrent assets	(809)	(123)
Accounts payable and accrued liabilities	3,318	(9,063)
Accrued payroll and employee-related liabilities	20,904	(4,093)
Operating lease liabilities	(12,423)	(10,217)
Income tax payable	(7,592)	(1,278)
Deferred revenue	(442)	(278)
Other noncurrent liabilities	(145)	(152)
Net cash provided by operating activities	<u>98,230</u>	<u>103,895</u>
Cash flows from investing activities:		
Purchase of property and equipment	(18,821)	(22,904)
Investment in loan receivable	—	(1,000)
Net cash used in investing activities	<u>(18,821)</u>	<u>(23,904)</u>
Cash flows from financing activities:		
Payments for deferred business acquisition consideration	(144)	(145)
Payments on long-term debt	(5,063)	(2,025)
Proceeds from employee stock plans	3,301	554
Payments for taxes related to net share settlement	(3,880)	(2,035)
Payments for stock repurchases	(15,468)	(92,683)
Net cash used in financing activities	<u>(21,254)</u>	<u>(96,334)</u>
Increase (decrease) in cash and cash equivalents	58,155	(16,343)
Effect of exchange rate changes on cash	(3,550)	(3,033)
Cash and cash equivalents at beginning of period	<u>125,776</u>	<u>133,992</u>
Cash and cash equivalents at end of period	<u>\$ 180,381</u>	<u>\$ 114,616</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TASKUS, INC.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business and Organization

TaskUs, Inc. ("TaskUs," together with its subsidiaries, the "Company," "we," "us" or "our") was formed by investment funds affiliated with Blackstone Inc. ("Blackstone") as a vehicle for the acquisition of TaskUs Holdings, Inc. ("TaskUs Holdings") on October 1, 2018 (the "Blackstone Acquisition"). Prior to the Blackstone Acquisition, TaskUs had no operations and TaskUs Holdings operated as a standalone entity. TaskUs, Inc. was incorporated in Delaware in July 2018, and is headquartered in New Braunfels, Texas.

The Company is a provider of outsourced digital services and next-generation customer experience to the world's most innovative companies, helping its clients represent, protect and grow their brands. The Company's global, omni-channel delivery model is focused on providing its clients three key services - Digital Customer Experience, Trust and Safety, and Artificial Intelligence ("AI") Services. The Company has designed its platform to enable it to rapidly scale and benefit from its clients' growth. Through its agile and responsive operational model, the Company delivers services from multiple delivery sites that span globally from the United States, the Philippines, India and other parts of the world.

The Company's major service offerings are described in more detail below:

- *Digital Customer Experience*: Principally consists of omni-channel customer care services, primarily delivered through digital (non-voice) channels.
- *Trust and Safety* : Principally consists of review and disposition of user and advertiser generated visual, text and audio content for purposes which include removal or labeling of policy violating, offensive or misleading content. Also included in this area are our offerings for risk management, compliance, identity management and fraud.
- *AI Services*: Principally consists of high-quality data labeling services, annotation, context relevance and transcription services performed for the purpose of training and tuning machine learning algorithms, enabling them to develop cutting-edge AI systems.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC"), includes a discussion of the significant accounting policies used in the preparation of our consolidated financial statements. Other than the Company designating certain derivatives as cash flow hedges, there have been no changes to the Company's significant accounting policies described in the Annual Report that have had a material impact on the Company's condensed consolidated financial statements and related notes. See Note 5, "Forward Contracts" for information on the accounting policy for cash flow hedges.

These unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with US GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by US GAAP for complete financial statements and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2023 included in the Annual Report. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2024 and its results of operations, comprehensive income and shareholders' equity for the three and nine months ended September 30, 2024 and 2023, and cash flows for the nine months ended September 30, 2024 and 2023. The condensed consolidated balance sheet as of December 31, 2023, was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements.

[Table of Contents](#)

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the determination of useful lives and impairment of fixed assets; allowances for credit losses; the valuation of deferred tax assets; the measurement of lease liabilities and right-of-use assets; valuation of forward contracts; valuation of stock-based compensation; valuation of acquired intangible assets and goodwill, as well as related impairment assessments; and reserves for income tax uncertainties and other contingencies.

(c) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company has no variable interest entities in its corporate structure.

(d) Concentration Risk

Most of the Company's customers are located in the United States. Clients outside of the United States are concentrated in Europe.

For the three and nine months ended September 30, 2024 and 2023, the following client represented greater than 10% of the Company's service revenue:

Client	Service revenue percentage			
	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
A	23 %	19 %	21 %	19 %

As of September 30, 2024 and December 31, 2023, the following clients represented greater than 10% of the Company's accounts receivable:

Client	Accounts receivable percentage			
	September 30, 2024		December 31, 2023	
	24	%	16	%
B	Less than 10%		12	%

The Company's principal operations, including the majority of its employees and the fixed assets owned by its wholly owned subsidiaries, are located in the Philippines.

(e) Recent Accounting Pronouncements

The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Accordingly, the Company is provided the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies. The Company has elected to adopt new or revised accounting guidance within the same time period as private companies.

Recently issued accounting pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard requires enhanced disclosure of significant segment expenses, and other segment items, on an annual and interim basis. This ASU will be effective for the Company for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. This ASU will be applied retrospectively to all periods presented in the financial statements. The Company is currently reviewing this ASU, but does not expect its adoption to have a material impact on its consolidated financial statements.

[Table of Contents](#)

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard improves the transparency of rate reconciliation and income taxes paid disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The standard also improves the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (loss) and income tax expense (benefit) and (2) removing disclosures that no longer are considered cost beneficial or relevant. This ASU will be effective for the Company for fiscal years beginning after December 15, 2025. Early adoption is permitted. This ASU will be applied prospectively, with retrospective application permitted. The Company is currently reviewing this ASU, but does not expect its adoption to have a material impact on its consolidated financial statements.

3. Business Combination

On April 15, 2022 (the "Closing Date"), the Company completed the acquisition of 100% of the equity interests of Parsec d.o.o. and Q Experience d.o.o. (collectively, "heloo") for \$35.4 million. The former shareholders of heloo were also eligible to receive contingent earn-out payments not to exceed €20 million, based on performance compared to prescribed EBITDA targets outlined in the purchase agreement during each of the one year periods ending April 30, 2023 and 2024, respectively. The second earnout period expired as of April 30, 2024, with no additional amount paid, and the total fair value of remaining contingent earn-out payments was determined to be \$0.0 million as of December 31, 2023. Since these payments were contingent on future service conditions, they were recognized as compensation expense ratably over the required service period. The Company recognized compensation expense related to the contingent earn-out payments included in selling, general, and administrative expenses of \$0.0 million for the three and nine months ended September 30, 2024, and \$(0.1) million and \$7.9 million for the three and nine months ended September 30, 2023, respectively. The Company paid \$18.3 million related to the contingent earn-out during the nine months ended September 30, 2023, which is included in net cash provided by operating activities. The Company paid \$0.1 million and \$0.1 million related to holdback cash consideration during the nine months ended September 30, 2024 and 2023, respectively, which is included in payments for deferred business acquisition consideration.

4. Revenue from Contracts with Customers

Disaggregation of Revenue

The Company's revenues are derived from contracts with customers related to business outsourcing services that it provides. The following table presents the breakdown of the Company's revenues by service offering:

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Digital Customer Experience	\$ 155,170	\$ 145,952	\$ 447,013	\$ 454,004
Trust and Safety	63,676	48,687	178,014	134,494
AI Services	36,499	30,987	95,716	101,603
Service revenue	\$ 255,345	\$ 225,626	\$ 720,743	\$ 690,101

The majority of the Company's revenues are derived from contracts with customers who are located in the United States. However, the Company delivers its services from geographies outside of the United States. The following table presents the breakdown of the Company's revenues by geographical location, based on where the services are provided from:

<i>(in thousands)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Philippines	\$ 143,300	\$ 126,419	\$ 412,821	\$ 380,539
United States	31,238	32,421	82,095	116,318
India	31,088	29,379	89,465	86,617
Rest of World	49,719	37,407	136,362	106,627
Service revenue	\$ 255,345	\$ 225,626	\$ 720,743	\$ 690,101

Contract Balances

Accounts receivable, net of allowance for credit losses includes \$ 87.0 million and \$ 77.2 million of unbilled revenue as of September 30, 2024 and December 31, 2023, respectively.

[Table of Contents](#)

5. Forward Contracts

The Company transacts business in various foreign currencies and has international sales and expenses denominated in foreign currencies, subjecting the Company to foreign currency exchange rate risk. During 2024 and 2023, the Company entered into foreign currency exchange rate forward contracts, with four commercial banks as the counterparties, with maturities of generally 12 months or less, to reduce the volatility of cash flows, primarily related to forecasted costs denominated in Philippine pesos, Indian rupees, Mexican pesos and Colombian pesos. In addition, the Company utilizes foreign currency exchange rate contracts to mitigate foreign currency exchange rate risk associated with foreign currency-denominated assets and liabilities, primarily intercompany balances. The Company does not use foreign currency exchange rate contracts for trading purposes.

ASC Topic 815, Derivatives and Hedging, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. It requires the recognition of all derivative instruments as assets (prepaid expenses and other current assets) or liabilities (accrued payroll and employee-related liabilities) on the Company's consolidated balance sheets and measurement of those instruments at fair value. The resulting cash flows are reported as cash from operating activities. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and if so, the type of hedge.

Cash Flow Hedges

The Company designates certain foreign currency forward contracts as cash flow hedges to hedge certain forecasted costs denominated in currencies other than the U.S. dollar. The Company performs an assessment, on the designation date and on an ongoing basis, to determine whether the cash flow hedges are expected to be highly effective at offsetting changes in the hedged item. For the effective portion of cash flow hedges, the change in fair value is recorded in accumulated other comprehensive loss and is reclassified into cost of service, selling, general, and administrative expense and depreciation on the consolidated statements of income in the period the hedged transactions occur. All cash flow hedges were determined to be highly effective for the periods presented.

For the three and nine months ended September 30, 2024, the Company did not settle any cash flow hedges.

The following table presents the Company's outstanding forward contracts designated as cash flow hedges:

(in thousands)	September 30, 2024	December 31, 2023
Notional amount of outstanding forward contracts in Philippine pesos	\$ 31,047	\$ —
Notional amount of outstanding forward contracts in Indian rupees	8,519	—
Notional amount of outstanding forward contracts in Mexican pesos	4,196	—
Notional amount of outstanding forward contracts in Colombian pesos	8,696	—
Total notional amount of outstanding forward contracts designated as cash flow hedges	\$ 52,458	\$ —

Unrealized gains on cash flow hedges for the three and nine months ended September 30, 2024 was \$ 0.2 million. As of September 30, 2024, the net accumulated gain on our foreign currency cash flow hedges expected to be reclassified from accumulated other comprehensive loss into earnings within the next 12 months was \$0.2 million.

Derivatives Not Designated as Hedging Instruments

The Company also enters into foreign currency forward contracts that are not designated as hedging instruments. Any gains or losses resulting from changes in the fair value of these contracts are recognized in other expense (income), net in the statements of income. The forward contract receivable (payable) resulting from changes in fair value is recorded under prepaid expenses and other current assets (accounts payable and accrued liabilities).

The following table presents the Company's settled forward contracts and realized and unrealized losses (gains) associated with derivative contracts not designated as hedging instruments:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Notional amount of settled forward contracts in Philippine pesos	\$ 40,447	\$ 46,800	\$ 128,101	\$ 175,050
Notional amount of settled forward contracts in Indian rupees	10,217	11,447	33,110	18,545
Total notional amount of settled forward contracts	\$ 50,664	\$ 58,247	\$ 161,211	\$ 193,595
Realized losses (gains) from settlement of forward contracts	\$ 1,131	\$ (3,386)	\$ 3,900	\$ (3,561)
Unrealized losses (gains) on forward contracts	\$ (3,629)	\$ 7,669	\$ (166)	\$ 6,020

[Table of Contents](#)

The following table presents the Company's outstanding forward contracts not designated as hedging instruments:

<i>(in thousands)</i>	September 30,	December 31,
	2024	2023
Notional amount of outstanding forward contracts in Philippine pesos	\$ 40,928	\$ 169,029
Notional amount of outstanding forward contracts in Indian rupees	12,083	45,193
Total notional amount of outstanding forward contracts not designated as hedging instruments	\$ 53,011	\$ 214,222

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

The Company's derivatives are carried at fair value using various pricing models that incorporate observable market inputs, such as interest rate yield curves and currency rates, which are Level 2 inputs. By entering into derivative contracts, the Company is exposed to counterparty credit risk, or the failure of the counterparty to perform under the terms of the derivative contract. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or by the Company. For the periods presented, the non-performance risk of the Company and the counterparties did not have a material impact on the fair value of the derivative instruments.

[Table of Contents](#)

For financial statement presentation purposes, the Company offsets assets and liabilities for forward contracts with the same counterparty that it has the right and intent to net settle upon maturity; however, it does not offset assets and liabilities under master netting arrangements that it does not intend to net settle. The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value, at September 30, 2024 and December 31, 2023:

September 30, 2024										
(in thousands)	Fair value measurements using			Total Gross Fair Value	Effect of Counter-party Netting	Net Amounts on Balance Sheet	Effect of Master Netting Arrangements			Net Amounts
	Level 1 inputs	Level 2 inputs	Level 3 inputs				Netting Arrangements	Net Amounts		
Assets										
Money market funds	\$ 42,689	\$ —	\$ —	\$ 42,689	\$ —	\$ 42,689	\$ —	\$ 42,689	\$ —	\$ 42,689
Derivatives designated as hedging instruments:										
Forward contracts receivable	\$ —	\$ 673	\$ —	\$ 673	\$ —	\$ 673	\$ —	\$ 673	\$ (673)	\$ —
Derivatives not designated as hedging instruments:										
Forward contracts receivable	\$ —	\$ 72	\$ —	\$ 72	\$ —	\$ 72	\$ —	\$ 72	\$ —	\$ 72
Liabilities										
Derivatives designated as hedging instruments:										
Forward contracts payable	\$ —	\$ 426	\$ —	\$ 426	\$ —	\$ 426	\$ —	\$ (297)	\$ 129	\$ —
Derivatives not designated as hedging instruments:										
Forward contracts payable	\$ —	\$ 595	\$ —	\$ 595	\$ —	\$ 595	\$ —	\$ (376)	\$ 219	\$ —

December 31, 2023										
(in thousands)	Fair value measurements using			Total Gross Fair Value	Effect of Counter-party Netting	Net Amounts on Balance Sheet	Effect of Master Netting Arrangements			Net Amounts
	Level 1 inputs	Level 2 inputs	Level 3 inputs				Netting Arrangements	Net Amounts		
Assets										
Derivatives not designated as hedging instruments:										
Forward contracts receivable	\$ —	\$ 95	\$ —	\$ 95	\$ —	\$ 95	\$ —	\$ (95)	\$ —	\$ —
Liabilities										
Derivatives not designated as hedging instruments:										
Forward contracts payable	\$ —	\$ 784	\$ —	\$ 784	\$ —	\$ 784	\$ —	\$ (95)	\$ 689	\$ —

6. Property and Equipment, net

The components of property and equipment, net as of September 30, 2024 and December 31, 2023, were as follows:

(in thousands)	September 30,		December 31,	
	2024		2023	
Leasehold improvements		\$ 70,276		\$ 67,552
Technology and computers		113,267		105,375
Furniture and fixtures		7,336		7,392
Construction in process		10,361		1,140
Other property and equipment		14,999		14,238
Property and equipment, gross		216,239		195,697
Accumulated depreciation		(151,112)		(126,804)
Property and equipment, net		\$ 65,127		\$ 68,893

Table of Contents

The Company's principal operations are in the Philippines where the majority of property and equipment resides under its wholly owned subsidiaries. The table below presents the Company's total property and equipment by geographic location as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024		December 31, 2023	
	\$	24,397	\$	29,765
Philippines				
United States		5,739		7,308
India		13,354		17,452
Rest of World		21,637		14,368
Property and equipment, net	\$	65,127	\$	68,893

7. Goodwill and Intangibles

The changes in the carrying amount of goodwill during the period were as follows:

(in thousands)		
Balance as of December 31, 2023		\$ 218,108
Foreign currency translation		251
Balance as of September 30, 2024		\$ 218,359

Intangible assets consisted of the following as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024			December 31, 2023		
	Intangibles, Gross	Accumulated Amortization	Intangibles, Net	Intangibles, Gross	Accumulated Amortization	Intangibles, Net
Customer relationships	\$ 252,023	\$ (99,079)	\$ 152,944	\$ 251,899	\$ (86,176)	\$ 165,723
Trade names	41,900	(16,760)	25,140	41,900	(14,665)	27,235
Other intangibles	179	(179)	—	236	(236)	—
Total	\$ 294,102	\$ (116,018)	\$ 178,084	\$ 294,035	\$ (101,077)	\$ 192,958

8. Long-Term Debt

The balances of current and noncurrent portions of debt consisted of the following as of September 30, 2024 and December 31, 2023:

(in thousands)	September 30, 2024			December 31, 2023		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Term Loan	\$ 13,500	\$ 247,050	\$ 260,550	\$ 8,438	\$ 257,175	\$ 265,613
Less: Debt financing fees	(378)	(725)	(1,103)	(379)	(1,009)	(1,388)
Total	\$ 13,122	\$ 246,325	\$ 259,447	\$ 8,059	\$ 256,166	\$ 264,225

2022 Credit Agreement

On September 7, 2022, the Company amended and restated its prior credit agreement (as amended and restated the "2022 Credit Agreement"), which includes a \$270.0 million term loan (the "2022 Term Loan Facility") and a \$190.0 million revolving credit facility (the "2022 Revolving Credit Facility" and, together with the 2022 Term Loan Facility, the "2022 Credit Facilities").

The 2022 Term Loan Facility matures on September 7, 2027. We have elected to pay interest on borrowings under the 2022 Term Loan Facility based on the SOFR rate. The interest rate in effect for the 2022 Term Loan Facility as of September 30, 2024 was 6.954% per annum. Due to its variable interest rates, the carrying amount of debt approximates fair value based on the present value of future cash flows using Level 2 inputs.

The 2022 Revolving Credit Facility terminates on September 7, 2027. As of September 30, 2024, the Company had no balance outstanding and \$190.0 million of borrowing availability under the 2022 Revolving Credit Facility.

The Company was in compliance with all debt covenants as of September 30, 2024.

[Table of Contents](#)

9. Leases

The following table presents operating lease costs recorded to cost of services:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating lease costs - Cost of services	\$ 5,069	\$ 4,266	\$ 14,188	\$ 12,801

Operating lease costs recorded to selling, general, and administrative expenses were immaterial.

The following table presents the weighted average remaining lease term and weighted average discount rate for the Company's operating leases as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
	3.4 years	3.5 years
Weighted average remaining lease term	3.4 years	3.5 years
Weighted average discount rate	6.3 %	6.3 %

The following table presents supplemental cash flow information related to the Company's operating leases:

(in thousands)	Nine months ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 14,779	\$ 12,487
ROU assets obtained in exchange for operating lease liabilities	17,724	14,725

The future lease payments on the Company's operating lease liabilities as of September 30, 2024 were as follows:

(in thousands)	2024	2023
2024-remainder of year	\$ 5,322	
2025	19,633	
2026	13,598	
2027	8,449	
2028	4,485	
Thereafter	3,987	
Total lease payments	55,474	
Less: imputed interest	(5,681)	
Total lease liabilities	\$ 49,793	

10. Commitments and Contingencies

The Company is subject to various legal proceedings, claims, and litigation arising in the ordinary course of business. Although the outcomes of such matters cannot be predicted with certainty, the Company believes that resolution of all such pending matters will not, either individually or in the aggregate, have a material adverse effect on its business, operating results, cash flows, or financial condition. However, given the inherent unpredictability of litigations, arbitrations, claims, inquiries, investigations and proceedings, it is possible that an adverse outcome in certain matters could have a material adverse effect on our business, operating results, cash flows, or financial condition in any future period. In addition, there can be no assurance that material losses will not be incurred from claims where potential losses have not yet been determined to be probable or possible and reasonably estimable.

On February 23, 2022, a purported class action lawsuit captioned Lozada v. TaskUs, Inc. et al., No. 22-cv-1479-JPC, was filed in the United States District Court for the Southern District of New York against the Company, our Chief Executive Officer, our President, and our Chief Financial Officer. The complaint alleges that the registration statement filed in connection with the Company's initial public offering and the Company's second and third quarter 2021 earnings calls contained materially false and misleading information in violation of the federal securities laws. On October 20, 2022, the Court entered an order appointing Humberto Lozada as lead plaintiff in the lawsuit. On December 16, 2022, lead plaintiff filed an amended complaint, alleging additional misstatements in certain of the Company's 2021 earnings releases filed on Form 8-K and at an investor conference, and asserting additional securities claims, including against members of TaskUs's board of directors as well as BCP FC Aggregator L.P. The complaint seeks unspecified damages and an award of costs and expenses, including reasonable attorneys' fees, as well as equitable relief. We believe that the lawsuit is without merit and intend to defend the lawsuit vigorously. On February 17, 2023, TaskUs and the other named defendants filed a motion to dismiss. On October 16, 2023, the plaintiffs voluntarily dismissed with prejudice certain claims based on certain theories of liability. On January 5, 2024, the Court granted in part and denied in part the defendants' motion to dismiss. Defendants filed an answer to the complaint on February 9, 2024, and an initial pretrial conference was held on February 16, 2024 after which a Case Management Plan and Scheduling Order was entered by the Court on February 20, 2024. Discovery is ongoing. Plaintiffs filed a motion for class certification on May 10, 2024. Briefing on that motion was completed on September 20, 2024 and the motion is currently pending. The Company cannot predict at this point the length of time that this action will be ongoing or the liability, if any, which may arise therefrom.

The Company is currently defending three lawsuits that present in large degree the same legal or factual issues, with allegations that are similar in nature. We believe that these three lawsuits are without merit and intend to defend each vigorously. The Company cannot predict at this point the length of time that these actions will be ongoing or the liability, if any, which may arise therefrom. As these actions are still in preliminary phases, any potential loss or impact on financial position or results of operations cannot yet be estimated.

On April 1, 2022, a purported class action lawsuit captioned Gregory Forsberg, Christopher Gunter, Samuel Kissinger, and Scott Sipprell vs. TaskUs, Inc. and Shopify, Inc., Shopify Holdings (USA), Inc., Shopify (USA) Inc., No. 1:22-cv-00436-UNA, was filed in the United States District Court for the District of Delaware. The complaint alleges the named defendants failed to exercise reasonable care in securing and safeguarding consumer information in connection with a 2020 data breach impacting Ledger SAS cryptocurrency hardware wallets, resulting in the unauthorized public release of approximately 272,000 pieces of detailed personally identifiable information, including Plaintiffs' and class members' full names, email addresses, postal addresses, and telephone numbers. The four named plaintiffs allege aggregate losses of approximately \$ 140,000, and allege that the damages exceed \$5 million for purposes of class action jurisdiction. On April 8, 2022, the Company filed a motion to dismiss, which is currently pending. This case is currently stayed.

On September 16, 2022, a lawsuit captioned My Choice Software, LLC vs. TaskUs, Inc., Tassilo Heinrich, Shopify, Inc., Shopify Holdings (USA) Inc., Shopify (USA) Inc., Does 1-50, No. 22-cv-1710 was filed in the United States District Court, Central District of California. The complaint alleges the defendants profited off of the plaintiff's information. The complaint seeks unspecified damages and an award of costs and expenses, including reasonable attorneys' fees, as well as equitable and injunctive relief. On February 13, 2023, we filed a motion to dismiss the amended complaint. In May 2023, the Court issued an Order dismissing certain parties, staying the case as to the Company and denying as moot the Company's previously filed motion to dismiss. This case is currently stayed.

Table of Contents

On November 22, 2023, TaskUs was added as an additional defendant in a lawsuit captioned Naeem Seirafi, Edward Baton, Anthony Comilla, Brett Deeney, and Abraham Vilinger, individually and on behalf of all others similarly situated v. Ledger SAS, Shopify (USA) Inc., Shopify Inc., and TaskUs, Inc., No. 21-cv-02470 pending in the United States District Court, Northern District of California. The complaint alleges defendants failed to exercise reasonable care in securing and safeguarding consumer information in connection with a 2020 data breach impacting Ledger cryptocurrency hardware wallets, resulting in the unauthorized public release of approximately 272,000 pieces of detailed personally identifiable information, including Plaintiffs' and "Class" members' full names, email addresses, postal addresses, and telephone numbers. The complaint asserts claims against TaskUs for negligence, negligence per se, declaratory and injunctive relief, and for violations of the New York Deceptive Trade Practices Act. The named plaintiffs' alleged damages of approximately \$557,000 and an award of costs and expenses, including reasonable attorneys' fees, as well as declaratory and injunctive relief, and other damages. On February 5, 2024, TaskUs filed a motion to dismiss. On July 16, 2024, the Court granted in part and denied in part the motion to dismiss. On August 23, 2024, the plaintiffs filed an amended complaint. On September 19, 2024, TaskUs filed a motion to dismiss, which remains pending.

Indemnification

In addition, in the ordinary course of business, the Company enters into agreements of varying scope and terms pursuant to which it agrees to indemnify clients, vendors and other business partners with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, cybersecurity breach, services to be provided by the Company or from intellectual property infringement claims made by third parties. Historically, the Company has not experienced significant losses on these types of indemnification obligations.

11. Stock-Based Compensation

The following table summarizes the stock option, restricted stock unit ("RSU") and performance stock unit ("PSU") activity for the nine months ended September 30, 2024:

	Options		RSUs			PSUs		
	Number of options	Weighted - average exercise price	Number of RSUs	Weighted - average grant date fair value		Number of PSUs	Weighted - average grant date fair value	
				grant date fair value	value		grant date fair value	
Outstanding at January 1, 2024	7,523,971	\$ 14.19	3,864,319	\$ 23.60		3,373,417	\$ 4.02	
Granted	—	\$ —	2,447,091	\$ 12.53		320,000	\$ 11.58	
Exercised or released	(822,122)	\$ 4.02	(1,498,935)	\$ 22.62		—	\$ —	
Forfeited, cancelled or expired	(1,383,040)	\$ 7.02	(332,870)	\$ 19.66		—	\$ —	
Outstanding at September 30, 2024	<u>5,318,809</u>	<u>\$ 17.62</u>	<u>4,479,605</u>	<u>\$ 18.18</u>		<u>3,693,417</u>	<u>\$ 4.67</u>	

The following table summarizes the components of stock-based compensation expense recognized for the periods presented:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of services	\$ 560	\$ 687	\$ 1,741	\$ 2,602
Selling, general, and administrative expense	10,038	13,146	30,213	39,735
Total	\$ 10,598	\$ 13,833	\$ 31,954	\$ 42,337

As of September 30, 2024, there was \$3.2 million, \$32.5 million and \$3.6 million of unrecognized compensation expense related to the Company's unvested stock options, RSUs and PSUs, respectively, that is expected to be recognized over a weighted-average period of 1.0 year, 1.4 years and 1.4 years, respectively. Certain PSUs contain performance conditions, which may result in a different amount of expense recognized over the term of the awards.

12. Income Taxes

In determining its interim provision for income taxes, the Company used an estimated annual effective tax rate, which is based on expected income before taxes, statutory tax rates and tax planning opportunities available in the various jurisdictions in which the Company operates. Certain significant or unusual items are separately recognized in the period in which they occur and can be a source of variability in the effective tax rate from quarter to quarter.

[Table of Contents](#)

The Company recorded provision for income taxes of \$ 5.1 million and \$4.6 million in the three months ended September 30, 2024 and 2023, respectively. The effective tax rate was 28.6% and 31.8% for the three months ended September 30, 2024 and 2023, respectively.

The Company recorded provision for income taxes of \$18.9 million and \$17.9 million in the nine months ended September 30, 2024 and 2023, respectively. The effective tax rate was 33.8% and 37.9% for the nine months ended September 30, 2024 and 2023, respectively. The difference between the effective tax rate and the 21% federal statutory rate in the nine months ended September 30, 2024 was primarily due to Global Intangible Low-Taxed Income ("GILTI") inclusion, nondeductible compensation of officers, nondeductible costs and state taxes, partially offset by tax benefits from foreign jurisdictions. The difference between the effective tax rate and the 21% federal statutory rate in the nine months ended September 30, 2023 was primarily due to nondeductible compensation of officers and GILTI inclusion.

13. Earnings Per Share

The Company has Class A common stock and Class B common stock outstanding. Because the only difference between the two classes of common stock are related to voting, transfer and conversion rights, the Company has not presented earnings per share under the two-class method, as earnings per share are the same for both Class A common stock and Class B common stock.

The following table summarizes the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2024 and 2023:

<i>(in thousands, except share and per share data)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net income	\$ 12,699	\$ 9,772	\$ 37,011	\$ 29,413
Denominator:				
Weighted-average common shares outstanding – basic	88,978,159	92,480,316	88,701,787	95,522,026
Effect of dilutive securities	3,601,760	1,554,795	3,318,124	2,207,204
Weighted-average common shares outstanding – diluted	<u>92,579,919</u>	<u>94,035,111</u>	<u>92,019,911</u>	<u>97,729,230</u>
Net income per common share:				
Basic	\$ 0.14	\$ 0.11	\$ 0.42	\$ 0.31
Diluted	\$ 0.14	\$ 0.10	\$ 0.40	\$ 0.30

The Company excluded 3,195,006 and 3,339,438 potential common stock equivalents from the computation of diluted EPS for the three and nine months ended September 30, 2024, respectively, and 6,487,091 and 5,809,048 potential common stock equivalents from the computation of diluted EPS for the three and nine months ended September 30, 2023, respectively, because the effect would have been anti-dilutive. There were 3,693,417 and 5,208,719 potential common stock equivalents outstanding as of September 30, 2024 and 2023, respectively, with market or performance conditions which were not met at the relevant date, that were excluded from the calculation of diluted EPS.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"), the financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC") and the information included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report. In addition to historical data, the following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in our forward-looking statements as a result of various factors, including but not limited to those discussed under "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report and under Part I, Item 1A, "Risk Factors" in the Annual Report.

This Quarterly Report includes certain historical consolidated financial and other data for TaskUs, Inc. ("we," "us," "our" or the "Company"). The following discussion provides a narrative of our results of operations and financial condition for the three and nine months ended September 30, 2024 and 2023.

Overview

We are a provider of outsourced digital services and next-generation customer experience to the world's most innovative companies, helping our clients represent, protect and grow their brands. We serve our clients to support their end customers' urgent needs, navigate an increasingly complex compliance landscape, handle sensitive tasks including online content moderation, and enable artificial intelligence technology and automation.

Our global, omni-channel delivery model is focused on providing our clients three key services – Digital Customer Experience ("Digital CX"), Trust and Safety, and Artificial Intelligence ("AI") Services. We have designed our platform to enable us to rapidly scale and benefit from our clients' growth. We believe our ability to deliver "ridiculously good" outsourcing will enable us to continue to grow our client base. We use our strong reputation and expertise serving the digital economy to attract new innovators and enterprise-class brands looking to transform.

At TaskUs, culture is at the heart of everything we do. Many of the companies operating in the digital economy are well-known for their obsession with creating a world-class employee experience. We believe clients choose TaskUs in part because they view our company culture as aligned with their own, which enables us to act as a natural extension of their brands and gives us an advantage in the recruitment of highly engaged frontline teammates who produce better results.

2024 Developments

Return to Revenue Growth

During 2024, we have seen some of the challenges and market uncertainty we faced in 2023 begin to subside. Through our continued focus on partnering with our clients and strategic investments we have made in sales and marketing, including our focus on landing enterprise clients and cross-selling our specialized services, we achieved revenue growth of 13.2% during the three months ended September 30, 2024 compared to the three months ended September 30, 2023. Given our performance in the nine months ended September 30, 2024, we expect our revenue growth to continue in the remainder of 2024. This acceleration of revenue growth requires additional investments in operations, facilities, hiring and training. Additionally, we have seen an increase in pricing pressure as our clients remain focused on cost reduction and competitors reduce their rates. While we believe we are a premium provider of specialized services, we have and expect to continue to price our services competitively in order to achieve above market growth rates and take share from our competitors. These factors may impact our margins and cash flow.

Recent Financial Highlights

For the three months ended September 30, 2024, we recorded service revenue of \$255.3 million, a 13.2% increase from \$225.6 million for the three months ended September 30, 2023. For the nine months ended September 30, 2024, we recorded service revenue of \$720.7 million, a 4.4% increase from \$690.1 million for the nine months ended September 30, 2023.

Table of Contents

Net income for the three months ended September 30, 2024 increased to \$12.7 million from \$9.8 million for the three months ended September 30, 2023. This increase is due primarily to revenue growth, the impact of foreign currency exchange rate changes, including forward contracts not designated as hedging instruments, and interest income. These increases were partially offset by higher cost of services and certain litigation costs. Adjusted Net Income for the three months ended September 30, 2024 increased 14.4% to \$34.3 million from \$30.0 million for the three months ended September 30, 2023. Adjusted EBITDA for the three months ended September 30, 2024 increased 3.4% to \$54.2 million from \$52.5 million for the three months ended September 30, 2023. Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures. For definitions and reconciliations to net income, the most directly comparable measure in accordance with GAAP, see "Non-GAAP Financial Measures."

Net income for the nine months ended September 30, 2024 increased to \$37.0 million from \$29.4 million for the nine months ended September 30, 2023. This increase is due primarily to revenue growth, lower stock-based compensation expense, earn-out consideration and severance, as well as higher interest income. These increases were partially offset by higher cost of services, certain litigation costs and bonus expense, associated with higher company performance. Adjusted Net Income for the nine months ended September 30, 2024 decreased 4.4% to \$90.2 million from \$94.3 million for the nine months ended September 30, 2023. Adjusted EBITDA for the nine months ended September 30, 2024 decreased 3.5% to \$156.1 million from \$161.8 million for the nine months ended September 30, 2023.

Our operating results in any period are not necessarily indicative of the results that may be expected for any future period.

Results of Operations

Comparison of the Three Months Ended September 30, 2024 and 2023

The following tables set forth certain historical consolidated financial information for the three months ended September 30, 2024 and 2023:

(in thousands, except %)	Three months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Service revenue	\$ 255,345	\$ 225,626	\$ 29,719	13.2 %
Operating expenses:				
Cost of services	153,765	130,139	23,626	18.2 %
Selling, general, and administrative expense	62,650	57,114	5,536	9.7 %
Depreciation	9,758	9,762	(4)	— %
Amortization of intangible assets	4,988	5,027	(39)	(0.8)%
Loss (gain) on disposal of assets	(10)	640	(650)	NM
Total operating expenses	231,151	202,682	28,469	14.0 %
Operating income	24,194	22,944	1,250	5.4 %
Other expense, net	898	2,895	(1,997)	(69.0)%
Financing expenses	5,504	5,712	(208)	(3.6)%
Income before income taxes	17,792	14,337	3,455	24.1 %
Provision for income taxes	5,093	4,565	528	11.6 %
Net income	<u><u>\$ 12,699</u></u>	<u><u>\$ 9,772</u></u>	<u><u>\$ 2,927</u></u>	30.0 %

NM = not meaningful

Service revenue

Service revenue by service offering

The following table presents the breakdown of our service revenue by service offering for each period:

(in thousands, except %)	Three months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Digital Customer Experience	\$ 155,170	\$ 145,952	\$ 9,218	6.3 %
Trust and Safety	63,676	48,687	14,989	30.8 %
AI Services	36,499	30,987	5,512	17.8 %
Service revenue	<u><u>\$ 255,345</u></u>	<u><u>\$ 225,626</u></u>	<u><u>\$ 29,719</u></u>	13.2 %

[Table of Contents](#)

Digital Customer Experience was primarily driven by an increase from new clients in FinTech, HealthTech and Professional Services + Industry, as well as existing clients in FinTech. These increases were partially offset by decreases from existing clients in HealthTech and On Demand Travel + Transportation.

Trust and Safety was primarily driven by an increase from existing clients in Social Media and FinTech. These increases were partially offset by decreases from existing clients in On Demand Travel + Transportation.

AI Services was primarily driven by an increase from existing clients in Social Media, as well as new clients in Professional Services + Industry.

Service revenue by delivery geography

We deliver our services from multiple locations around the world; however, the majority of our service revenues are derived from contracts that require payment in United States dollars, regardless of whether the clients are located in the United States.

The following table presents the breakdown of our service revenue by geographical location, based on where the services are provided, for each period:

<i>(in thousands, except %)</i>	Three months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Philippines	\$ 143,300	\$ 126,419	\$ 16,881	13.4 %
United States	31,238	32,421	(1,183)	(3.6)%
India	31,088	29,379	1,709	5.8 %
Rest of World	49,719	37,407	12,312	32.9 %
Service revenue	\$ 255,345	\$ 225,626	\$ 29,719	13.2 %

Philippines: Trust and Safety contributed 6.9% of the total increase primarily driven by clients in Social Media and FinTech. Digital Customer Experience contributed 5.8% of the total increase primarily driven by clients in FinTech and Entertainment + Gaming. AI Services contributed 0.7% of the total increase primarily driven by clients in On Demand Travel + Transportation.

United States: Digital Customer Experience contributed 15.5% of the total decrease primarily driven by clients in Entertainment + Gaming, Technology and On Demand Travel + Transportation. The decrease was partially offset by a 7.6% increase contributed by AI Services and a 4.3% increase contributed by Trust and Safety, primarily driven by clients in Social Media.

India: AI Services contributed 6.1% of the total increase primarily driven by clients in Social Media and Professional Services + Industry. Trust and Safety contributed 2.9% of the total increase primarily driven by clients in Social Media. The increase was partially offset by a 3.2% decrease contributed by Digital Customer Experience, primarily driven by clients in On Demand Travel + Transportation and FinTech, partially offset by clients in Retail + E Commerce.

Rest of World: Digital Customer Experience contributed 21.2% of the total increase primarily driven by clients in FinTech, Professional Services + Industry and On Demand Travel + Transportation. Trust and Safety contributed 10.8% of the total increase, primarily driven by clients in Social Media and FinTech. AI Services contributed 0.9% of the total increase. Growth in the Rest of World was led by Latin America and Europe.

Operating expenses

Cost of services

The increase was primarily driven by higher personnel costs of \$17.4 million associated with increased headcount. The remaining increase included facilities and recruiting costs associated with site expansion and increasing headcount associated with accelerating growth.

Selling, general, and administrative expense

The increase was primarily driven by certain litigation costs of \$4.4 million, which we expect to continue in future periods. The remaining increase includes higher personnel costs of \$0.5 million, due primarily to an increase in headcount and bonus expense, associated with higher company performance, mostly offset by a reduction in stock-based compensation expense of \$3.1 million.

Table of Contents

Loss (gain) on disposal of assets

Loss on disposal of assets for the three months ended September 30, 2023 was associated with optimizing our footprint in the United States.

Other expense, net

Changes are driven by our exposure to foreign currency exchange risk resulting from our operations in foreign geographies, primarily the Philippines, including economic hedges using foreign currency exchange rate forward contracts, as well as higher interest income. See Part I, Item 3., "Quantitative and Qualitative Disclosures About Market Risk" in this Quarterly Report for additional information on how foreign currency impacts our financial results.

Financing expenses

Changes in financing expense are primarily driven by payments on long-term debt and the rate of SOFR used to calculate the interest rate of our debt.

Provision for income taxes

The effective tax rate for the three months ended September 30, 2024 and 2023 was 28.6% and 31.8%, respectively. Costs related to the issuance of stock-based compensation and litigation costs within the provision for income taxes calculation are adjusted for Non-GAAP purposes. If those costs are removed, the provision for income taxes would have been \$6.1 million and \$7.5 million and the effective tax rate would have been 18.6% and 26.5% for the three months ended September 30, 2024 and 2023, respectively.

Comparison of the Nine Months Ended September 30, 2024 and 2023

The following tables set forth certain historical consolidated financial information for the nine months ended September 30, 2024 and 2023:

(in thousands, except %)	Nine months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Service revenue	\$ 720,743	\$ 690,101	\$ 30,642	4.4 %
Operating expenses:				
Cost of services	433,052	401,455	31,597	7.9 %
Selling, general, and administrative expense	171,830	179,583	(7,753)	(4.3)%
Depreciation	30,525	29,502	1,023	3.5 %
Amortization of intangible assets	14,955	15,276	(321)	(2.1)%
Loss (gain) on disposal of assets	(93)	772	(865)	NM
Total operating expenses	650,269	626,588	23,681	3.8 %
Operating income	70,474	63,513	6,961	11.0 %
Other expense (income), net	(2,007)	34	(2,041)	NM
Financing expenses	16,532	16,141	391	2.4 %
Income before income taxes	55,949	47,338	8,611	18.2 %
Provision for income taxes	18,938	17,925	1,013	5.7 %
Net income	\$ 37,011	\$ 29,413	\$ 7,598	25.8 %

NM = not meaningful

Service revenue

Service revenue by service offering

The following table presents the breakdown of our service revenue by service offering for each period:

(in thousands, except %)	Nine months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Digital Customer Experience	\$ 447,013	\$ 454,004	\$ (6,991)	(1.5)%
Trust and Safety	178,014	134,494	43,520	32.4 %
AI Services	95,716	101,603	(5,887)	(5.8)%
Service revenue	\$ 720,743	\$ 690,101	\$ 30,642	4.4 %

[Table of Contents](#)

Digital Customer Experience was primarily driven by a decrease from existing clients in On Demand Travel + Transportation, Entertainment + Gaming, HealthTech and Social Media. These decreases were partially offset by an increase from existing clients in FinTech, as well as new clients in FinTech, Professional Services + Industry, HealthTech and On Demand Travel + Transportation.

Trust and Safety was primarily driven by an increase from existing clients in Social Media, FinTech and On Demand Travel + Transportation.

AI Services was primarily driven by a decrease from existing clients in Social Media and On Demand Travel + Transportation, partially offset by an increase from new clients in Professional Services + Industry and Technology, as well as existing clients in Technology.

Service revenue by delivery geography

We deliver our services from multiple locations around the world; however, the majority of our service revenues are derived from contracts that require payment in United States dollars, regardless of whether the clients are located in the United States.

The following table presents the breakdown of our service revenue by geographical location, based on where the services are provided, for each period:

<i>(in thousands, except %)</i>	Nine months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Philippines	\$ 412,821	\$ 380,539	\$ 32,282	8.5 %
United States	82,095	116,318	(34,223)	(29.4)%
India	89,465	86,617	2,848	3.3 %
Rest of World	136,362	106,627	29,735	27.9 %
Service revenue	\$ 720,743	\$ 690,101	\$ 30,642	4.4 %

Philippines: Trust and Safety contributed 6.8% of the total increase primarily driven by clients in Social Media and FinTech. Digital Customer Experience contributed 3.1% of the total increase primarily driven by clients in FinTech. The increase was partially offset by a 1.4% decrease contributed by AI Services, primarily driven by clients in Social Media, partially offset by clients in Technology.

United States: Digital Customer Experience contributed 27.9% of the total decrease primarily driven by clients in On Demand Travel + Transportation, Entertainment + Gaming, Social Media, HealthTech and Technology. AI Services contributed 2.7% of the total decrease primarily driven by clients in On Demand Travel + Transportation, partially offset by clients in Social Media. The decrease was partially offset by a 1.2% increase contributed by Trust and Safety, primarily driven by clients in On Demand Travel + Transportation.

India: Trust and Safety contributed 10.1% of the total increase primarily driven by clients in Social Media and On Demand Travel + Transportation. AI Services contributed 2.2% of the total increase primarily driven by clients in Professional Services + Industry. The increase was partially offset by a 9.0% decrease contributed by Digital Customer Experience, primarily driven by clients in On Demand Travel + Transportation, partially offset by clients in Retail + E-Commerce.

Rest of World: Digital Customer Experience contributed 20.2% of the total increase primarily driven by clients in FinTech, On Demand Travel + Transportation and Professional Services + Industry. Trust and Safety contributed 7.2% of the total increase primarily driven by clients in FinTech and Social Media. AI Services contributed 0.5% of the total increase. Growth in the Rest of World was led by Latin America and Asia.

Operating expenses

Cost of services

The increase was primarily driven by higher personnel costs of \$21.4 million associated with increased headcount. The remaining increase included facilities and recruiting costs associated with site expansion and increasing headcount to prepare for accelerating growth.

Selling, general, and administrative expense

The decrease was primarily driven by lower personnel costs of \$11.9 million, due primarily to a reduction in stock-based compensation expense of \$9.5 million, earn-out compensation of \$7.9 million and severance costs of \$1.1 million, partially offset by an increase in headcount and bonus expense, associated with higher company performance. The remaining decrease included lower insurance expense based on renegotiated rates. These decreases were partially offset by certain litigation costs of \$7.0 million, which we expect to continue in future periods.

[Table of Contents](#)

Depreciation

The increase in depreciation is a result of capital expenditures for leasehold improvements, furniture and fixtures and other office equipment associated with site expansions. These increases were mostly offset by a reduction in the pace of technology and computers purchases associated with certain employees returning to the office driving higher utilization of equipment.

Loss (gain) on disposal of assets

Loss on disposal of assets for the nine months ended September 30, 2023 was associated with optimizing our footprint in the United States.

Other expense (income), net

Changes are primarily driven by our exposure to foreign currency exchange risk resulting from our operations in foreign geographies, primarily the Philippines, offset by economic hedges using foreign currency exchange rate forward contracts. The remaining increase is associated with higher interest income. See Part I, Item 3., "Quantitative and Qualitative Disclosures About Market Risk" in this Quarterly Report for additional information on how foreign currency impacts our financial results.

Financing expenses

Changes in financing expense are primarily driven by payments on long-term debt and the rate of SOFR used to calculate the interest rate of our debt.

Provision for income taxes

The effective tax rate for the nine months ended September 30, 2024 and 2023 was 33.8% and 37.9%, respectively. Costs related to the issuance of stock-based compensation, the acquisition of heloo, litigation costs and severance within the provision for income taxes calculation are adjusted for Non-GAAP purposes. If those costs are removed, the provision for income taxes would have been \$22.8 million and \$22.9 million and the effective tax rate would have been 23.7% and 23.0% for the nine months ended September 30, 2024 and 2023, respectively.

Revenue by Top Clients

The table below sets forth the percentage of our total service revenue derived from our largest clients for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Top ten clients	56 %	55 %	56 %	55 %
Top twenty clients	68 %	67 %	68 %	69 %

Many of our clients are part of the rapidly growing digital economy and they rely on our suite of digital solutions to drive their continued success. For our existing clients, we benefit from our ability to grow as they grow and to cross sell new solutions, further deepening our entrenchment.

For the three months ended September 30, 2024 and 2023, we generated 23% and 19%, respectively, of our service revenue from our largest client. For the nine months ended September 30, 2024 and 2023, we generated 21% and 19%, respectively, of our service revenue from our largest client.

We continue to identify and target high growth industry verticals and clients. Our strategy is to acquire new clients and further grow with our existing ones in order to achieve meaningful client and revenue diversification over time.

Foreign Currency

As a global company, we face exposure to movements in foreign currency exchange rates. Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenue, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. See Part I, Item 3., "Quantitative and Qualitative Disclosures About Market Risk" in this Quarterly Report for additional information on how foreign currency impacts our financial results.

Table of Contents

Non-GAAP Financial Measures

We use Adjusted Net Income, Adjusted Earnings Per Share ("EPS"), EBITDA, Adjusted EBITDA, Free Cash Flow and Conversion of Adjusted EBITDA, as key measures to assess the performance of our business.

Each of the measures are not recognized under accounting principles generally accepted in the United States of America ("GAAP") and do not purport to be an alternative to net income or cash flow as a measure of our performance. Such measures have limitations as analytical tools, and you should not consider any of such measures in isolation or as substitutes for our results as reported under GAAP. Additionally, Adjusted Net Income, Adjusted EPS, EBITDA, and Adjusted EBITDA exclude items that can have a significant effect on our profit or loss and should, therefore, be used in conjunction with profit or loss for the period. Our management compensates for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Because not all companies use identical calculations, these measures may not be comparable to other similarly titled measures of other companies.

Adjusted Net Income

Adjusted Net Income is a non-GAAP profitability measure that represents net income or loss for the period before the impact of amortization of intangible assets and certain items that are considered to hinder comparison of the performance of our businesses on a period-over-period basis or with other businesses. During the periods presented, we excluded from Adjusted Net Income amortization of intangible assets, transaction costs, earn-out consideration, the effect of foreign currency gains and losses, gains and losses on disposals of assets, non-recurring severance costs, certain non-recurring litigation costs, stock-based compensation expense and associated employer payroll tax and the related effect on income taxes of certain pre-tax adjustments, which include costs that are required to be expensed in accordance with GAAP. Our management believes that the inclusion of supplementary adjustments to net income applied in presenting Adjusted Net Income are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future.

The following table reconciles net income, the most directly comparable GAAP measure, to Adjusted Net Income for the three months ended September 30, 2024 and 2023:

(in thousands, except %)	Three months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Net income	\$ 12,699	\$ 9,772	\$ 2,927	30.0 %
Amortization of intangible assets	4,988	5,027	(39)	(0.8)%
Earn-out consideration ⁽¹⁾	—	(53)	53	(100.0)%
Foreign currency losses ⁽²⁾	2,490	3,494	(1,004)	(28.7)%
Loss (gain) on disposal of assets	(10)	640	(650)	NM
Severance costs ⁽³⁾	—	60	(60)	(100.0)%
Litigation costs ⁽⁴⁾	4,412	—	4,412	100.0 %
Stock-based compensation expense ⁽⁵⁾	10,742	13,946	(3,204)	(23.0)%
Tax impacts of adjustments ⁽⁶⁾	(1,044)	(2,925)	1,881	(64.3)%
Adjusted Net Income	\$ 34,277	\$ 29,961	\$ 4,316	14.4 %
Net Income Margin ⁽⁷⁾	5.0 %	4.3 %		
Adjusted Net Income Margin ⁽⁷⁾	13.4 %	13.3 %		

NM = not meaningful

(1) Represents earn-out consideration recognized as compensation expense related to the acquisition of heloo.

(2) Realized and unrealized foreign currency losses include the effect of fair market value changes of forward contracts not designated as hedging instruments and remeasurement of U.S. dollar-denominated accounts to foreign currency.

(3) Represents severance payments as a result of certain cost optimization measures we undertook during the period to restructure support roles.

(4) Represents only those litigation costs that are considered non-recurring and outside of the ordinary course of business.

(5) Represents stock-based compensation expense, as well as associated payroll tax.

(6) Represents tax impacts of adjustments to net income which resulted in a tax benefit during the period, including stock-based compensation expense and litigation costs. After these adjustments, we applied a non-GAAP effective tax rate of 18.6% and 26.5% for the three months ended September 30, 2024 and 2023, respectively, to non-GAAP income before income taxes.

(7) Net Income Margin represents net income divided by service revenue and Adjusted Net Income Margin represents Adjusted Net Income divided by service revenue.

Table of Contents

The following table reconciles net income, the most directly comparable GAAP measure, to Adjusted Net Income for the nine months ended September 30, 2024 and 2023:

(in thousands, except %)	Nine months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Net income	\$ 37,011	\$ 29,413	\$ 7,598	25.8 %
Amortization of intangible assets	14,955	15,276	(321)	(2.1)%
Transaction costs ⁽¹⁾	—	245	(245)	(100.0)%
Earn-out consideration ⁽²⁾	—	7,863	(7,863)	(100.0)%
Foreign currency losses ⁽³⁾	2,192	1,316	876	66.6 %
Loss (gain) on disposal of assets	(93)	772	(865)	NM
Severance costs ⁽⁴⁾	487	1,628	(1,141)	(70.1)%
Litigation costs ⁽⁵⁾	7,030	—	7,030	100.0 %
Stock-based compensation expense ⁽⁶⁾	32,434	42,725	(10,291)	(24.1)%
Tax impacts of adjustments ⁽⁷⁾	(3,832)	(4,944)	1,112	(22.5)%
Adjusted Net Income	\$ 90,184	\$ 94,294	\$ (4,110)	(4.4)%
Net Income Margin ⁽⁸⁾	5.1 %	4.3 %		
Adjusted Net Income Margin ⁽⁸⁾	12.5 %	13.7 %		

NM = not meaningful

(1) Represents professional service fees related to non-recurring transactions.

(2) Represents earn-out consideration recognized as compensation expense related to the acquisition of heloo.

(3) Realized and unrealized foreign currency losses include the effect of fair market value changes of forward contracts not designated as hedging instruments and remeasurement of U.S. dollar-denominated accounts to foreign currency.

(4) Represents severance payments as a result of certain cost optimization measures we undertook during the period to restructure support roles.

(5) Represents only those litigation costs that are considered non-recurring and outside of the ordinary course of business.

(6) Represents stock-based compensation expense, as well as associated payroll tax.

(7) Represents tax impacts of adjustments to net income which resulted in a tax benefit during the period, including stock-based compensation expense, earn-out consideration, litigation costs and severance. After these adjustments, we applied a non-GAAP effective tax rate of 23.7% and 23.0% for the nine months ended September 30, 2024 and 2023, respectively, to non-GAAP income before income taxes.

(8) Net Income Margin represents net income divided by service revenue and Adjusted Net Income Margin represents Adjusted Net Income divided by service revenue.

Adjusted EPS

Adjusted EPS is a non-GAAP profitability measure that represents earnings available to shareholders excluding the impact of certain items that are considered to hinder comparison of the performance of our business on a period-over-period basis or with other businesses. Adjusted EPS is calculated as Adjusted Net Income divided by our diluted weighted-average number of shares outstanding. Our management believes that the inclusion of supplementary adjustments to earnings per share applied in presenting Adjusted EPS are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future.

The following table reconciles GAAP diluted EPS, the most directly comparable GAAP measure, to Adjusted EPS for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
GAAP diluted EPS	\$ 0.14	\$ 0.10	\$ 0.40	\$ 0.30
Per share adjustments to net income ⁽¹⁾	0.23	0.22	0.58	0.66
Adjusted EPS	\$ 0.37	\$ 0.32	\$ 0.98	\$ 0.96
Weighted-average common shares outstanding – diluted	92,579,919	94,035,111	92,019,911	97,729,230

(1) Reflects the aggregate adjustments made to reconcile net income to Adjusted Net Income, as noted in the above table, divided by the GAAP diluted weighted-average number of shares outstanding for the relevant period.

Table of Contents

EBITDA and Adjusted EBITDA

EBITDA is a non-GAAP profitability measure that represents net income or loss for the period before the impact of the benefit from or provision for income taxes, financing expenses, depreciation, and amortization of intangible assets. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting financing expenses), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense).

Adjusted EBITDA is a non-GAAP profitability measure that represents EBITDA before certain items that are considered to hinder comparison of the performance of our businesses on a period-over-period basis or with other businesses. During the periods presented, we excluded from Adjusted EBITDA transaction costs, earn-out consideration, the effect of foreign currency gains and losses, gains and losses on disposals of assets, non-recurring severance costs, certain non-recurring litigation costs, stock-based compensation expense and associated employer payroll tax and interest income, which include costs that are required to be expensed in accordance with GAAP. Our management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future.

The following table reconciles net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA for the three months ended September 30, 2024 and 2023:

(in thousands, except %)	Three months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Net income	\$ 12,699	\$ 9,772	\$ 2,927	30.0 %
Provision for income taxes	5,093	4,565	528	11.6 %
Financing expenses	5,504	5,712	(208)	(3.6)%
Depreciation	9,758	9,762	(4)	— %
Amortization of intangible assets	4,988	5,027	(39)	(0.8)%
EBITDA	\$ 38,042	\$ 34,838	\$ 3,204	9.2 %
Earn-out consideration ⁽¹⁾	—	(53)	53	(100.0)%
Foreign currency losses ⁽²⁾	2,490	3,494	(1,004)	(28.7)%
Loss (gain) on disposal of assets	(10)	640	(650)	NM
Severance costs ⁽³⁾	—	60	(60)	(100.0)%
Litigation costs ⁽⁴⁾	4,412	—	4,412	100.0 %
Stock-based compensation expense ⁽⁵⁾	10,742	13,946	(3,204)	(23.0)%
Interest income ⁽⁶⁾	(1,461)	(473)	(988)	208.9 %
Adjusted EBITDA	\$ 54,215	\$ 52,452	\$ 1,763	3.4 %
Net Income Margin ⁽⁷⁾	5.0 %	4.3 %		
Adjusted EBITDA Margin ⁽⁷⁾	21.2 %	23.2 %		

NM = not meaningful

(1) Represents earn-out consideration recognized as compensation expense related to the acquisition of heloo.

(2) Realized and unrealized foreign currency losses include the effect of fair market value changes of forward contracts not designated as hedging instruments and remeasurement of U.S. dollar-denominated accounts to foreign currency.

(3) Represents severance payments as a result of certain cost optimization measures we undertook during the period to restructure support roles.

(4) Represents only those litigation costs that are considered non-recurring and outside of the ordinary course of business.

(5) Represents stock-based compensation expense, as well as associated payroll tax.

(6) Represents interest earned on short-term savings, time-deposits and money market funds.

(7) Net Income Margin represents net income divided by service revenue and Adjusted EBITDA Margin represents Adjusted EBITDA divided by service revenue.

Table of Contents

The following table reconciles net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2024 and 2023:

(in thousands, except %)	Nine months ended September 30,		Period over Period Change	
	2024	2023	(\$)	(%)
Net income	\$ 37,011	\$ 29,413	\$ 7,598	25.8 %
Provision for income taxes	18,938	17,925	1,013	5.7 %
Financing expenses	16,532	16,141	391	2.4 %
Depreciation	30,525	29,502	1,023	3.5 %
Amortization of intangible assets	14,955	15,276	(321)	(2.1)%
EBITDA	\$ 117,961	\$ 108,257	\$ 9,704	9.0 %
Transaction costs ⁽¹⁾	—	245	(245)	(100.0)%
Earn-out consideration ⁽²⁾	—	7,863	(7,863)	(100.0)%
Foreign currency losses ⁽³⁾	2,192	1,316	876	66.6 %
Loss (gain) on disposal of assets	(93)	772	(865)	NM
Severance costs ⁽⁴⁾	487	1,628	(1,141)	(70.1)%
Litigation costs ⁽⁵⁾	7,030	—	7,030	100.0 %
Stock-based compensation expense ⁽⁶⁾	32,434	42,725	(10,291)	(24.1)%
Interest income ⁽⁷⁾	\$ (3,939)	\$ (1,025)	\$ (2,914)	284.3 %
Adjusted EBITDA	<u>\$ 156,072</u>	<u>\$ 161,781</u>	<u>\$ (5,709)</u>	<u>(3.5)%</u>
Net Income Margin ⁽⁸⁾	5.1 %	4.3 %		
Adjusted EBITDA Margin ⁽⁸⁾	21.7 %	23.4 %		

NM = not meaningful

(1) Represents professional service fees related to non-recurring transactions.

(2) Represents earn-out consideration recognized as compensation expense related to the acquisition of heloo.

(3) Realized and unrealized foreign currency losses include the effect of fair market value changes of forward contracts not designated as hedging instruments and remeasurement of U.S. dollar-denominated accounts to foreign currency.

(4) Represents severance payments as a result of certain cost optimization measures we undertook during the period to restructure support roles.

(5) Represents only those litigation costs that are considered non-recurring and outside of the ordinary course of business.

(6) Represents stock-based compensation expense, as well as associated payroll tax.

(7) Represents interest earned on short-term savings, time-deposits and money market funds.

(8) Net Income Margin represents net income divided by service revenue and Adjusted EBITDA Margin represents Adjusted EBITDA divided by service revenue.

Free Cash Flow

Free Cash Flow is a non-GAAP liquidity measure that represents our ability to generate additional cash from our business operations. Free Cash Flow is calculated as net cash provided by operating activities in the period minus cash used for purchase of property and equipment in the period. Our management believes that the inclusion of this non-GAAP measure, when considered with our GAAP results, provides management and investors with an additional understanding of our ability to generate additional cash for ongoing business operations and other capital deployment.

The following table reconciles net cash provided by operating activities, the most directly comparable GAAP measure, to Free Cash Flow for the nine months ended September 30, 2024 and 2023:

	Nine months ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 98,230	\$ 103,895
Purchase of property and equipment	(18,821)	(22,904)
Free Cash Flow	<u>\$ 79,409</u>	<u>\$ 80,991</u>
Conversion of Adjusted EBITDA to Free Cash Flow ⁽¹⁾	<u>50.9 %</u>	<u>50.1 %</u>

(1) Conversion of Adjusted EBITDA to Free Cash Flow represents Free Cash Flow divided by Adjusted EBITDA.

[Table of Contents](#)

Liquidity and Capital Resources

As of September 30, 2024, our principal sources of liquidity were cash and cash equivalents totaling \$180.4 million, which were held for working capital purposes, as well as the borrowing availability under the 2022 Revolving Credit Facility of \$190.0 million.

As of September 30, 2024, our total indebtedness, net of debt financing fees was \$259.4 million. The interest rate in effect for the 2022 Term Loan Facility as of September 30, 2024 was 6.954% per annum. We were in compliance with all debt covenants as of September 30, 2024. See Note 8, "Long-Term Debt" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding our debt.

During the nine months ended September 30, 2024, we repurchased 1,343,154 shares of our Class A common stock under the share repurchase program for \$15.4 million, which we funded principally with available cash. As of September 30, 2024, \$41.8 million remained available for share repurchases under our share repurchase program. For additional information about our share repurchase program, see Part II, Item 2., "Unregistered Sales of Equity Securities and Use of Proceeds—Issuer Purchases of Equity Securities" in this Quarterly Report.

Historically, we have financed our operations and made investments in supporting the growth of our business primarily through cash provided by operations. We expect to continue to make similar investments in the future. We believe our existing cash and cash equivalents and our 2022 Credit Facilities will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

Cash Flows

The following table presents a summary of our consolidated cash flows from operating, investing and financing activities for the periods indicated:

(in thousands)	Nine months ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 98,230	\$ 103,895
Net cash used in investing activities	(18,821)	(23,904)
Net cash used in financing activities	(21,254)	(96,334)

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2024 was \$98.2 million compared to net cash provided by operating activities of \$103.9 million for the nine months ended September 30, 2023. Net cash provided by operating activities for the nine months ended September 30, 2024 reflects net income of \$37.0 million and the add back for non-cash charges totaling \$75.8 million, partially offset by changes in operating assets and liabilities of \$14.6 million. Non-cash charges primarily consisted of \$32.0 million in stock-based compensation expense, \$30.5 million of depreciation and \$15.0 million of amortization related to intangibles. Net cash provided by operating activities for the nine months ended September 30, 2023 reflects net income of \$29.4 million, as well as the add back for non-cash charges totaling \$94.1 million, partially offset by changes in operating assets and liabilities of \$19.6 million. Non-cash charges primarily consisted of \$42.3 million in stock-based compensation expense, \$29.5 million of depreciation and \$15.3 million of amortization related to intangibles.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2024 was \$18.8 million compared to net cash used in investing activities of \$23.9 million for the nine months ended September 30, 2023. Purchase of property and equipment decreased primarily due to lower site build-out costs.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2024 was \$21.3 million compared to net cash used by financing activities of \$96.3 million for the nine months ended September 30, 2023. The decrease was due primarily to lower payments to acquire shares under our share repurchase program.

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates as reported in our Annual Report.

Recent Accounting Pronouncements

For additional information regarding recent accounting pronouncements adopted and under evaluation, refer to Note 2, "Summary of Significant Accounting Policies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our activities expose us to a variety of financial risks: market risk (includes foreign currency), interest rate risk and credit risk.

Foreign Currency Risk

Our exposure to market risk arises principally from exchange rate risk. Although substantially all of our revenues are denominated in U.S. dollars, a substantial portion of our expenses were incurred and paid in the Philippine peso, Indian rupee, Mexican peso, and the Colombian peso, in the nine months ended September 30, 2024 and 2023. We also incur expenses in U.S. dollars, and currencies of the other countries in which we have operations. The exchange rates among the Philippine peso, Indian rupee, Mexican peso, Colombian peso and the U.S. dollar have changed substantially in recent years and may fluctuate substantially in the future.

The following table presents a summary of foreign currency exchange rates and changes for the periods indicated:

	Philippine Peso	Indian Rupee	Mexican Peso	Colombian Peso
Average exchange rate against the U.S. dollar				
Nine months ended September 30, 2024	56.99	83.41	17.72	3,979.96
Nine months ended September 30, 2023	55.48	82.35	17.81	4,411.48
Depreciation (appreciation)	2.7 %	1.3 %	(0.5)%	(9.8)%

Based on our level of operations during the nine months ended September 30, 2024, and excluding any forward contract arrangements that we had in place during that period, a 10% appreciation (depreciation) of each foreign currency against the U.S. dollar would have increased (decreased) our expenses incurred and paid in that foreign currency as follows:

(in thousands)	Philippine Peso	Indian Rupee	Mexican Peso	Colombian Peso
10% appreciation	\$ 29,690	\$ 7,665	\$ 3,290	\$ 4,946
10% depreciation	\$ (24,292)	\$ (6,271)	\$ (2,692)	\$ (4,046)

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, and economically hedge our intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies, we enter into foreign currency forward contracts.

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. These derivative instruments do not subject us to material balance sheet risk due to exchange rate movements because gains and losses on the settlement of these derivatives are intended to offset payment for the transactions being hedged.

See Note 5, "Forward Contracts" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding our forward contracts.

Interest Rate Risk

Our exposure to market risk is influenced by the changes in interest rates paid on any outstanding balance on our borrowings, mainly under our 2022 Credit Facilities. All of our borrowings outstanding under the 2022 Credit Facilities as of September 30, 2024 accrue interest at SOFR plus 2.25%. As of September 30, 2024 our total principal balance outstanding was \$260.5 million and the interest rate in effect was 6.954% per annum. Based on the outstanding balances and interest rates under the 2022 Credit Facilities as of September 30, 2024, a hypothetical 10% increase or decrease in SOFR would cause an increase or decrease in interest expense of approximately \$1.2 million over the next 12 months.

[Table of Contents](#)

Credit Risk

As of September 30, 2024, we had accounts receivable, net of allowance for credit losses, of \$200.8 million, of which \$48.5 million was owed by one of our clients. Collectively, this client represented approximately 24% of our gross accounts receivable as of September 30, 2024.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports 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 the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, the design and operation of the our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION**Item 1. Legal Proceedings**

The information required with respect to this item can be found under Note 10, "Commitments and Contingencies" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report and is incorporated by reference into this Item 1.

Item 1A. Risk Factors

We are subject to various risks that could have a material adverse impact on our financial position, results of operations or cash flows. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under "Risk Factors" in the Annual Report. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our financial position, results of operations or cash flows. There have been no material changes to the risk factors included in the Annual Report. You should carefully consider the risk factors set forth in the Annual Report and the other information set forth elsewhere in this Quarterly Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds*Issuer Purchases of Equity Securities*

During the three months ended September 30, 2024, our purchases of Class A common stock were as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands)
July 1, 2024 through July 31, 2024	—	\$ —	—	\$ —
August 1, 2024 through August 31, 2024	—	—	—	—
September 1, 2024 through September 30, 2024	32,987	11.98	32,987	41,819
Total	32,987	\$ 11.98	32,987	

(1) On May 8, 2023, the Company announced that the Board of Directors of the Company authorized a \$100.0 million increase to the Company's share repurchase program, increasing the total authorization to \$200.0 million, with the total amount remaining available after the increase being exclusive of any commissions, fees or excise taxes. Pursuant to our share repurchase program, we may repurchase shares of our Class A common stock from time to time through open market purchases, in privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act. Open market repurchases are expected to be structured to occur within the pricing volume requirements of Rule 10b-18. The timing and total amount of stock repurchases will depend upon, business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, restrictions under the terms of our loan agreements and other relevant considerations. The repurchase program terminates on December 31, 2024, and may be modified, suspended or discontinued at any time at our discretion. The program does not obligate the Company to acquire any amount of Class A common stock.

(2) Average price paid per share excludes commissions and other costs associated with the repurchases.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Section 13(r) Disclosure

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Exchange Act, we hereby incorporate by reference herein Exhibit 99.1 of this report, which includes disclosures regarding activities at Mundys S.p.A., which may be, or may have been at the time considered to be, an affiliate of Blackstone and, therefore, our affiliate.

Rule 10b5-1 Trading Arrangements

On September 13, 2024, Steven Amaya, our Chief Accounting Officer and Treasurer, adopted a Rule 10b5-1 trading arrangement (the "Amaya 10b5-1 Plan"), which provides for the potential sale of up to 244,687 shares of the Company's Class A Common Stock, including shares obtained from the exercise of vested stock options and the vesting of restricted stock units (subject to reduction for any shares withheld to satisfy tax withholding obligations). The Amaya 10b5-1 Plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and unless otherwise terminated pursuant to its terms, provides for sales from December 13, 2024 to December 31, 2025 or an earlier date on which all shares thereunder are sold.

Table of Contents

Item 6. Exhibits

*it

No.	Description
	Second Amended and Restated Certificate of Incorporation of TaskUs, Inc., dated as of June 10, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 15, 2021).
	Certificate of Change of Registered Agent and Registered Office of the Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed on March 8, 2024).
	Third Amended and Restated Bylaws of TaskUs, Inc., dated as of March 2, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 7, 2023).
*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	Section 13(r) Disclosure.
INS	XBRL Instance Document– the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
SCH	Inline XBRL Taxonomy Extension Schema Document
CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure except for the terms of the agreements or other documents themselves, and you should not rely on them for other than that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and do not apply in any other context or at any time other than the date they were made.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TASKUS, INC.
(Registrant)

Date: November 7, 2024

By: /s/ Balaji Sekar

Balaji Sekar
Chief Financial Officer
(Principal Financial Officer)
(Authorized Signatory)

Date: November 7, 2024

By: /s/ Steven Amaya

Steven Amaya
Chief Accounting Officer and Treasurer
(Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bryce Maddock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of TaskUs, Inc.;
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)) for the registrant 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: November 7, 2024

/s/ Bryce Maddock
Bryce Maddock
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Balaji Sekar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 of TaskUs, Inc.;
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)) for the registrant 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: November 7, 2024

/s/ Balaji Sekar

Balaji Sekar

Chief Financial Officer

(Principal 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 Quarterly Report on Form 10-Q of TaskUs, Inc. (the "Company") for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryce Maddock, 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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bryce Maddock

Bryce Maddock
Chief Executive Officer
(Principal Executive Officer)

November 7, 2024

**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 Quarterly Report on Form 10-Q of TaskUs, Inc. (the "Company") for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Balaji Sekar, 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:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Balaji Sekar

Balaji Sekar

Chief Financial Officer

(Principal Financial Officer)

November 7, 2024

Section 13(r) Disclosure

The disclosure reproduced below was initially included in the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Blackstone Inc. ("Blackstone") with respect to its fiscal quarter ended September 30, 2024, in accordance with Section 13(r) of the Securities Exchange Act of 1934, as amended, in regard to Mundys S.p.A. (formerly, Atlantia S.P.A.). Mundys S.p.A. may be, or may have been at the time considered to be, an affiliate of Blackstone, and therefore an affiliate of TaskUs, Inc. ("TaskUs"). TaskUs did not independently verify or participate in the preparation of the disclosure reproduced below.

Blackstone included the following disclosure in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2024:

Mundys S.p.A. (formerly "Atlantia S.p.A.") provided the disclosure reproduced below in connection with activities during the quarter ended September 30, 2024. We have not independently verified or participated in the preparation of this disclosure.

"Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934. Funds affiliated with Blackstone first invested in Mundys S.p.A. on November 18, 2022 in connection with the voluntary public tender offer by Schema Alfa S.p.A. for all of the shares of Mundys S.p.A., pursuant to which such funds obtained a minority non-controlling interest in Mundys S.p.A. Mundys S.p.A. owns and controls Aeroporti di Roma S.p.A. ("ADR"), an operator of airports in Italy including Leonardo da Vinci-Fiumicino Airport. Iran Air has historically operated periodic flights to and from Leonardo da Vinci-Fiumicino Airport as authorized, from time to time, by an aviation-related bilateral agreement between Italy and Iran, scheduled in compliance with European Regulation 95/93, and approved by the Italian Civil Aviation Authority. ADR, as airport operator, is under a mandatory obligation to provide airport services to all air carriers (including Iran Air) authorized by the applicable Italian authority. The relevant turnover attributable to these activities (whose consideration is calculated on the basis of general tariffs determined by such independent Italian authority) in the quarter ended September 30, 2024 was less than €100,000. Mundys S.p.A. does not track profits specifically attributable to these activities."