



Strategy. Design. Engineering.

2023 Annual Report

Delivering extraordinary
impact together



**2023 was a year of transformation.
We restructured our business to reduce costs and better serve our clients.
Alongside this, we continue to make focused investments to improve our resilience and to position us for the future.**

Revenues

\$1.1B \$1.3B for FY22

Adjusted EBITDA

\$112M

\$257M for FY22

Adjusted EBITDA Margin

9.9%

19.8% for FY22

Adjusted Gross Margin

36.1%

41.6% for FY22

Free Cash Flow

\$40M

\$65M for FY22

**All figures are for the year ended Dec. 31, 2023
unless otherwise noted.**

Joint Chair and CEO statement

The past year has been challenging for Thoughtworks. Uncertainty in the macroeconomic environment has resulted in organizations reassessing their priorities. Spending on complex custom software builds has been reduced, disproportionately impacting our business. As a result, there has been a softening of demand. Thoughtworks revenues in 2023 were \$1.1 billion (\$1.3 billion 2022).

Thoughtworks has responded to these challenges. We have transformed our organization to streamline our business and reduce costs, rebalanced our skills mix to align with market changes, and made focused investments in priority areas — partners, industry verticals, and new services to diversify our business. Driving operational efficiencies and growth from our investments remains our focus.



Ian Davis

Chair of the Board
Thoughtworks



Guo Xiao

CEO
Thoughtworks

93.2% of our revenue came from existing clients in 2023, up from 87.2% in 2022. We deeply appreciate their continued loyalty.

Our clients remain at the core of what we do. Ninety-three percent of our business came from existing clients in 2023. Our overall bookings for the year were \$1.2 billion and we had 54 clients with bookings of over \$5 million. The average tenure of our top 10 clients is six years, reflecting our deep and trusted client relationships. Our value proposition is relevant in the market, as evidenced by the 156 new clients we contracted with in 2023 and bookings from new logos during the year, which were around \$120 million.

Our value proposition is relevant in the market, as evidenced by the 156 new clients we contracted with in 2023.



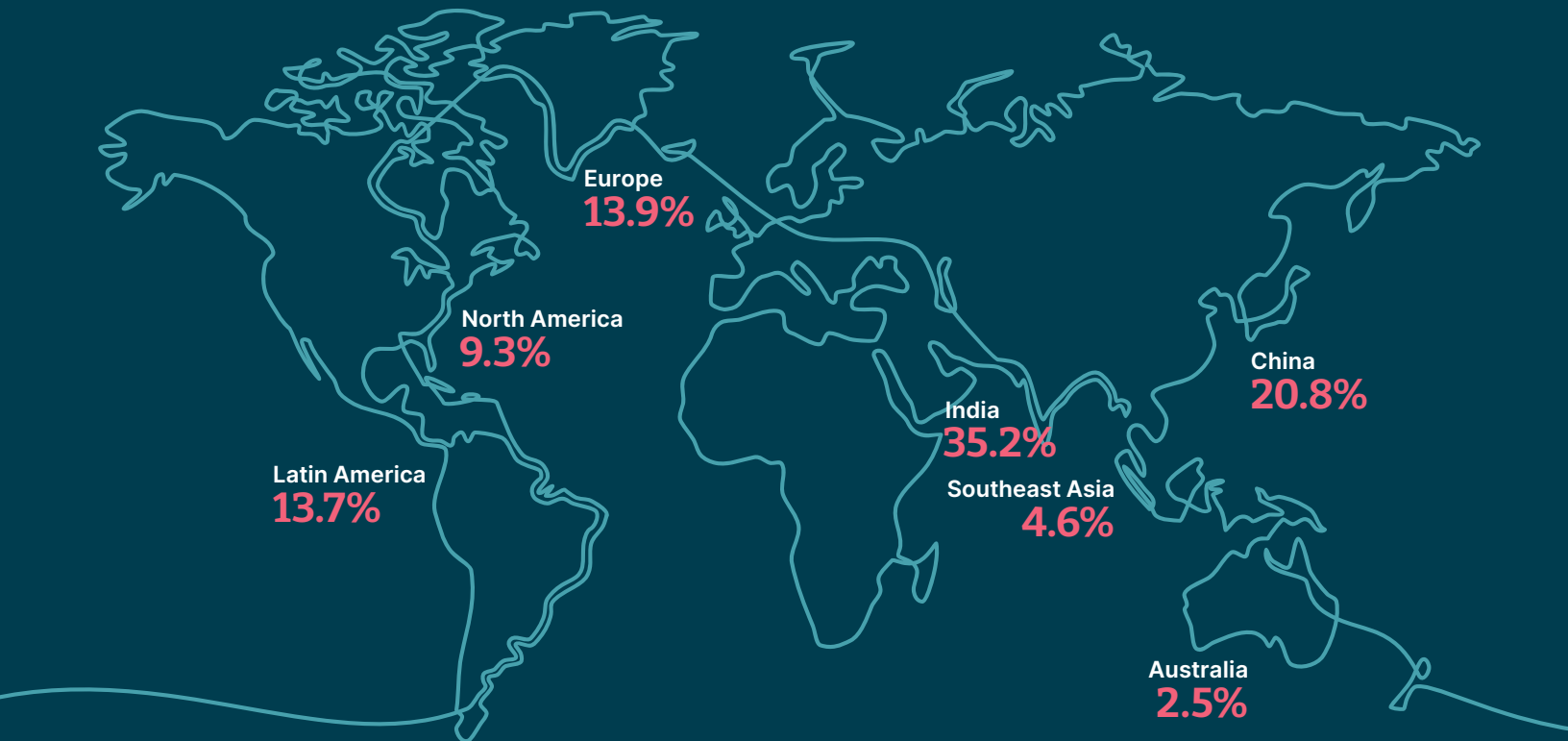
Clients consistently tell us about the impact we deliver for them. When times are uncertain, they appreciate our approach to delivery, as it accelerates the time it takes our work to provide value. Tougher market conditions resulted in some pricing pressures, yet for 2023, our average revenue per employee was \$98,000, above the industry average. This reflects the strategic importance of our work. While the pace of spending has changed, the fundamentals have not. All strategies continue to lead to technology. We're grateful for our clients' continued support.

Thoughtworks understands where the market is going and we have the vision for changing market rules



In conversations with our clients over the past year, we heard how much they value the skills and expertise that our Thoughtworkers bring and the value they place on the thought leadership we produce — whether that's our annual technology trends Looking Glass report, our twice-yearly Technology Radar, or the regular stream of books, white papers, reports, articles and blogs that Thoughtworkers produce. This is why companies such as Mercedes Benz AG, Total Wine & More, First Student, Bayer AG, Standard Chartered Bank, and Spotify have chosen Thoughtworks as a partner.

A resilient and diverse global delivery model



Percentage of employees by country/region as of Dec. 31, 2023

2023 was a year of significant transformation. We embarked on our biggest change as a company in 20 years: restructuring our business to serve our clients better and to improve our resilience to deliver sustainable growth.

We centralized our operational functions to drive efficiencies, and we are pleased with the resulting cost savings of \$81 million on an annualized basis as of December 31, 2023. We set up the global Digital Engineering Center (DEC). The DEC helps us respond faster to clients, support the shift to offshore, and manage utilization. Our global delivery model ensures we can meet our clients' demands in a dynamic and scalable way. As of December 31, 2023, we had 9.3% of our employees in North America, 13.9% in Europe, 13.7% in Latin America, 35.2% in India, 4.6% in Southeast Asia, 2.5% in Australia and 20.8% in China.

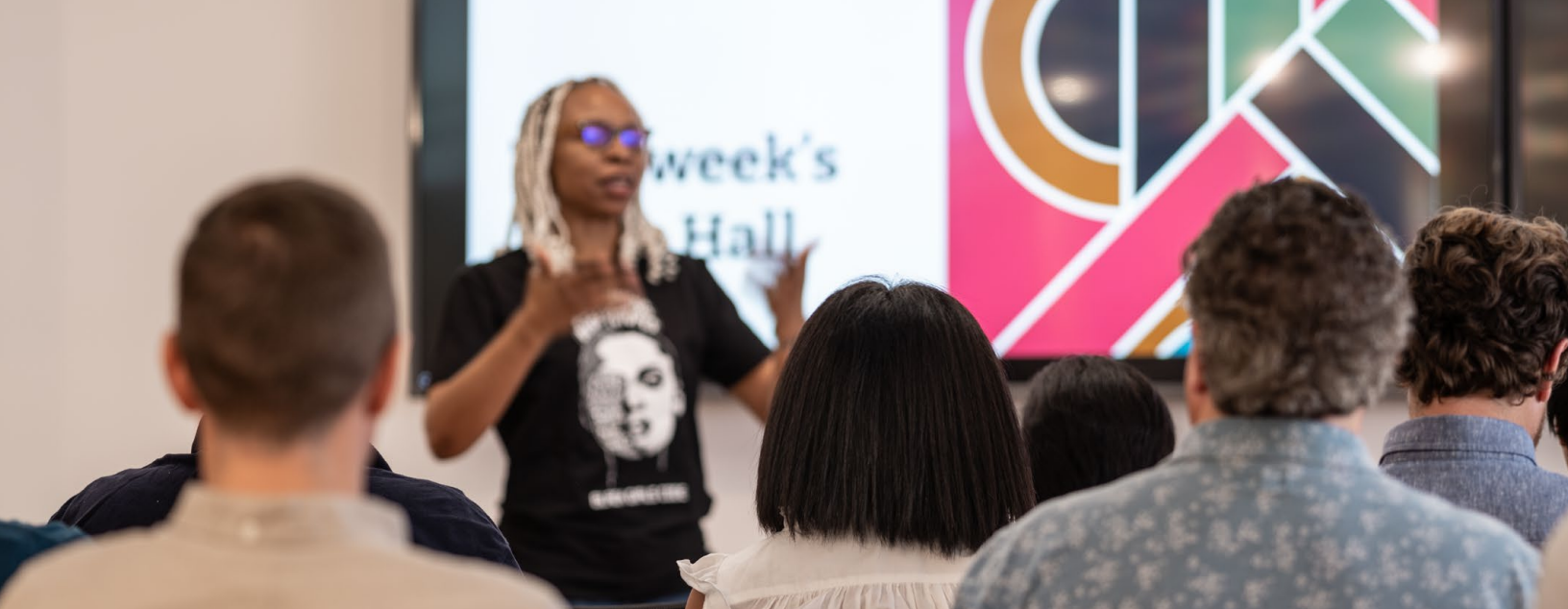
Additionally, we organized our regional sales teams around an industry-based go-to-market so that we could build expertise and specialization in specific industry verticals. Our client portfolio is diverse from an industry vertical perspective, and this approach will help develop our domain knowledge to deliver business impact for our clients. In 2023, 26% of our revenues were in energy, public, and health services; 25% in technology and business services; 17% in financial services and insurance; 16% in automotive, travel, and transportation; and 16% in retail and consumer.



Forbes included Thoughtworks in its 2023 list of
The **World's Best** Management Consulting Firms.

We undertook this transformation while staying true to who we are: a company of technologists focused on helping solve our clients' toughest challenges. We continue to harness our expertise with cutting-edge technology alongside building industry-domain capabilities in priority verticals to deepen our understanding of their businesses.

We were heartened that Forbes included Thoughtworks in its 2023 list of The World's Best Management Consulting Firms.



We are proud to be recognized at **number 14 on Fortune's list** of World's Best Workplaces 2023.

We were delighted that LinkedIn ranked Thoughtworks #9 on its Top Companies list in the US in 2023. We were proud to be recognized in the fourth quarter at number 14 on Fortune's prestigious list of World's Best Workplaces for 2023. We believe this reflects the community and culture we've built and the people we can attract and retain. Our people remain at the center of everything we do, and we are pleased that our voluntary attrition — which was 12% for 2023 — is significantly better than industry norms, demonstrating the strength of our employee value proposition.

Thoughtworkers' commitment to deliver client success is widely recognized. Forbes included Thoughtworks in its 2023 list of The World's Best Management Consulting Firms.

In 2023, we were recognized for the first time in Gartner® Magic Quadrant™ research. Thoughtworks is positioned as a Visionary in the Gartner® Magic Quadrant™ for Custom Software Development Services, Worldwide. We believe this demonstrates that Thoughtworks understands where the market is going, and we have a vision for changing market rules. Further, we feel it reflects the impact of our investments in shaping and defining many leading digital trends today, such as evolutionary architecture, microservices, and Data Mesh.

We are taking an early lead on AI-first software delivery and **we trained 3,200 Thoughtworkers in 2023.**



Alongside transforming our operations, we continue to invest in our business — in sales and marketing, partners, new services, and capabilities.

For example, we invested in our DAMO™ Managed Services business, winning contracts with 30% of our top 50 clients. DAMO Managed Services clients benefit from cost savings, quality improvements and faster digitization. Managed services are strategic for Thoughtworks for both service expansion and as a shift to longer-term contracts.

We have also invested in artificial intelligence (AI) and are seeing strong client interest. The concept of AI isn't new, but we've reached a watershed moment in which the technology is becoming so pervasive that every organization is looking at ways to benefit from it. We are taking an early lead in AI-first software delivery, and last year, more than 3,200 Thoughtworkers were trained in GenAI. At the end of 2023, we had over 50 GenAI client projects underway. Our clients are still early in the AI journey, and we see a long runway of direct and indirect opportunities. GenAI catalyzes companies to modernize their legacy systems, capitalize on the cloud and use their data assets better.

We see our geographical diversity as a long-term strength. With our 2023 expansion into Switzerland, we now operate in 19 countries. In 2023, 37% of our revenues were in North America, 34% in Asia Pacific, 25% in Europe, and 4% in Latin America. We remain focused on increasing our market share in North America, where we see significant untapped opportunities.

Tuck-in acquisitions that complement the core business have been, and will be, an important part of Thoughtworks' growth. We have successfully completed one in the past year, Australian-based Itoc, an AWS-focused infrastructure company.

In 2023, we continued integrating our ESG objectives into our business. As a co-founder of the Green Software Foundation, Thoughtworks is committed to helping our clients adopt sustainable technologies while we reduce our own carbon footprint. For example, Thoughtworks undertook a sustainability technology assessment for our client, Xero, to explore how technology can accelerate achieving its sustainability goals.



We continued to lead the industry in responsible and ethical technology practices. Our work alongside the United Nations promotes awareness of bias, transparency and mitigating negative unintended consequences in examining emerging technologies. These themes are becoming increasingly important to our clients, especially as AI technologies are adopted.

Elsewhere, we've seen the impact of Thoughtworkers' ingenuity and passion for using technology to change the world. Thoughtworkers continue to demonstrate an unquenchable passion for revolutionizing the technology industry. Our commitment to Digital Public Goods is unwavering to unlock a more equitable world through open-source software. We bring cutting-edge technologies to important social causes. One example is Jugalbandi, an outcome of a strategic collaboration as part of the OpenNyAI mission. Jugalbandi harnesses the power of Generative Pre-trained Transformers and Indian language models to power conversational AI solutions for Indian citizens to access public services 'in vernacular' through a voice-enabled system. This demonstrates our belief in the potential of open source to contribute towards a more sustainable and inclusive future.

Our commitment to Digital Public Goods is unwavering to unlock a more equitable world through open-source software.



This was also the year we achieved our 30th anniversary as a company. We are proud that Thoughtworks is one of the most diverse technology companies in the world, with 42.4% of Thoughtworkers being women or gender diverse. Our outstanding technologists underpin our reputation for innovation and thought leadership.



Thoughtworks is led by an experienced and dedicated leadership team whose average tenure is 16 years. This team is committed to concentrating strongly on the business's growth drivers and continuing to focus on cost management and operating discipline controls.

Thank you to our Thoughtworkers, clients, partners and shareholders for their contributions and support in 2023. Looking ahead, we are a stronger company, well-positioned to deliver extraordinary impact for our clients as they modernize and evolve their operations to harness the power of Cloud, Data and AI, and adapt for future success.

A handwritten signature in white ink that reads "Ian Davis".

Ian Davis
Chair of the Board
Thoughtworks

A handwritten signature in white ink that reads "Guo Xiao".

Guo Xiao
CEO
Thoughtworks

Corporate information

Board of Directors

Ian Davis (NGC)

Chair

Former Worldwide Managing Director of McKinsey & Company

Guo Xiao

Chief Executive Officer and Director, Thoughtworks

Robert Brennan (CTC, NGC)

Director

Former Executive Director of CA Technologies, former CEO of Veracode

Jane Chwick (CTC, NGC)

Director

Former Partner at Goldman Sachs

Rohan Haldea (CTC)

Director

Partner at Apax Partners and formerly at Bain Capital

Gina Loften (AC, CTC)

Director

Former Chief Technology Officer of Microsoft US, formerly at IBM

Salim Nathoo (NGC)

Director

Partner at Apax Partners

William Parrett (AC, NGC)

Director

Former Senior Partner of Deloitte & Touche USA LLP

Roxanne Taylor (AC, CTC)

Director

Former Chief Marketing Officer of Accenture

Board committees

Audit Committee (AC)

Compensation & Talent Committee (CTC)

Nominating & Governance Committee (NGC)

Global Management Team

Guo Xiao

Chief Executive Officer

Erin Cummins

Chief Financial Officer

Peter Buhrmann

Regional Managing Director, Europe

Carol Cintra

Regional Managing Director, LATAM

Martin Fowler

Chief Scientist

Manish Kumar

Regional Managing Director, India and Middle East

Rachel Laycock

Chief Technology Officer

Ramona Mateiu

Chief Legal and Compliance Officer

Chris Murphy

Chief Revenue and Client Officer

Joanna Parke

Chief Talent and Operating Officer

Craig Stanley

Regional Managing Director, North America

Sudhir Tiwari

Global Head of Digital Engineering Center

Kristan Vingrys

Regional Managing Director, APAC

Chad Wathington

Chief Strategy Officer

Julie Woods-Moss

Chief Marketing Officer

Zhang Song

Global Head of Service Lines

Executive offices

200 E. Randolph Street, Chicago, IL

Common stock information

We are listed on NASDAQ under the ticker symbol TWKS.

Reconciliation of Non-GAAP financial measures

(in thousands, except percentages)

	Year ended December 31,	
	2023	2022
Adjusted gross margin		
Gross profit, GAAP	\$354,016	\$345,933
Stock-based compensation	38,981	176,046
Employer payroll related expense on employee equity incentive plan*	662	3,930
Depreciation expense	12,896	13,962
Adjusted Gross Profit	<u>\$406,555</u>	<u>\$539,871</u>
Gross margin, GAAP	31.4%	26.7 %
Adjusted Gross Margin	36.1%	41.6 %

	Year ended December 31,	
	2023	2022
Free cash flow		
Net cash provided by operating activities	\$49,064	\$89,389
Purchase of property and equipment	(8,953)	(24,505)
Free Cash Flow	<u>\$ 40,111</u>	<u>\$64,884</u>

*Excludes employer payroll related expense on employee equity incentive plan as these expenses are tied to the exercise or vesting of underlying equity awards and the price of our common stock at the time of vesting or exercise. As a result, these expenses may vary in any particular period independent of the financial and operating performance of our business.

Available information

Our investor website address is investors.thoughtworks.com. We use our website as a channel of distribution for company information. We make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”). We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, as well as our Code of Conduct. **Financial and other material information regarding Thoughtworks is routinely posted on and accessible at investors.thoughtworks.com.**

We do not intend for information contained in this document or on our website to be part of the Annual Report on Form 10-K. This document and our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, together constitute Thoughtworks’ annual report to security holders for purposes of Rule 14a-3(b) of the Exchange Act.

Additional information concerning forward-looking statements, non-GAAP Financial Measures (including definitions and reconciliations) and the risks and uncertainties that may affect our business may be found in Thoughtworks’ quarterly reports on Form 10-Q, our Annual Report on Form 10-K, and other filings and reports that Thoughtworks may file from time to time with the SEC.

Non-GAAP Financial Measures

Certain financial metrics contained in this presentation are considered non-GAAP financial measures. We use these non-GAAP measures in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that these non-GAAP measures provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our operations. The non-GAAP measures provided should not be considered as a substitute for the comparable measures of financial performance prepared in accordance with GAAP.

Trademark references

Rights to trademarks referenced herein, other than Thoughtworks trademarks, belong to their respective owners. We disclaim proprietary interest in the marks and names of others.

Magic Quadrant for Custom Software Development Services, Worldwide, November 2023.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For transition period from ____ to ____

Commission File Number 001-40812



THOUGHTWORKS HOLDING, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

82-2668392

(I.R.S. Employer
Identification Number)

**200 East Randolph Street, 25th Floor
Chicago, Illinois 60601
(312) 373-1000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	TWKS	Nasdaq Global Select Market

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

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

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to Section 204.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐
No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recent completed second fiscal quarter, was \$878.6 million (based on the closing sale price of the registrant's common stock on that date as reported on the Nasdaq Global Select Market).

As of February 22, 2024, there were approximately 322,732,693 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Items 10, 11, 12, 13 and 14 will be filed (and is hereby incorporated) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

THOUGHTWORKS HOLDING, INC.

ANNUAL REPORT ON FORM 10-K

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FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

This annual report on Form 10-K (the “Annual Report”) contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements include statements that are not historical facts and can be identified by terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “strive,” “will,” “would” or similar expressions and the negatives of those terms, but the absence of these words does not mean that the statement is not forward-looking. The forward-looking statements are contained principally in the sections captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” Forward-looking statements may include information concerning our possible or assumed future results of operations, client demand, business strategies, technology developments, financing and investment plans, competitive position, our industry, macroeconomic and regulatory environment, potential growth opportunities and the effects of competition.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this Annual Report. You should read this Annual Report and the documents that we have filed as exhibits to the Annual Report, completely and with the understanding that our actual future results may be materially different from what we expect.

Risk Factor Summary

Important risk factors that could cause actual results to differ materially from our expectations include:

- economic conditions have resulted in, and may continue to result in, client delays, reductions or cancellations and a decrease in pricing, making it more difficult to forecast client demand and effectively build a pipeline;
- we have, and may continue to, offer significant discounts for our services, which has, and may continue to, put pressure on our margins;
- we face risks associated with having a long selling and implementation cycle for our services that require us to make significant resource commitments prior to realizing revenues for those services;
- our business has been, and may continue to be, adversely affected by volatile or uncertain operational, geopolitical, regulatory, legal and economic conditions;
- we may be unable to implement our strategy;
- we may not be successful at attracting new clients or retaining and expanding our relationships with our existing clients;
- our ability to generate and retain business depends on our reputation in the marketplace;
- if we fail to adequately innovate, adapt and/or remain at the forefront of emerging technologies and related client demands, we could be materially adversely affected;
- we may not be successful in our emerging technology initiatives, which could adversely affect our business, reputation, or financial results;
- if we fail to manage our acquisition strategy, our culture and growth plans could be materially adversely affected;
- our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates;
- our cash flows and results of operations may be adversely affected if we are unable to collect on billed and unbilled receivables from clients;
- our effective tax rate could be materially adversely affected by several factors;
- we must successfully attract, hire, train and retain skilled professionals to service our clients’ projects and we must productively deploy our professionals to remain profitable;
- increases in wages, equity compensation and other compensation expenses could prevent us from sustaining our competitive advantage and increase our costs;
- our business and operations may be harmed if we cannot positively evolve and preserve our Thoughtworks culture;

- we face intense competition and operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects;
- our existing indebtedness could adversely affect our business and growth prospect;
- if we cause disruptions to our clients' businesses, provide inadequate service, or breach contractual obligations, our clients may have claims against us, which our insurance may not adequately protect against, and our reputation may be damaged;
- we face risks associated with security breaches as well as privacy and data protection regulations, and we may incur significant liabilities if we fail to manage those risks;
- a significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business;
- changes in privacy and data protection regulations could expose us to risks of noncompliance and costs associated with compliance;
- we are subject to laws and regulations in the U.S. and other countries in which we operate, compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures;
- we may become subject to disputes or legal or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us, including our financial results;
- our environmental, social and governance (ESG) commitments and disclosures may expose us to reputational risks and legal liability;
- we may face intellectual property infringement or misappropriation claims that could be costly to defend or if we do not protect our brand through our intellectual property rights, our business may be harmed;
- we may not be able to prevent unauthorized use of our client's intellectual property and our business and competitive position may be damaged as a result;
- our stock price may be volatile, and the value of our common stock may decline;
- our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other stockholders;
- if securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline;
- we do not intend to pay dividends for the foreseeable future and, as a result, the ability of the holders of our common stock to achieve a return on their investment will depend on appreciation in the price of our common stock;
- investment funds (the "Apax Funds") advised by Apax Partners L.L.P. ("Apax Partners") control us, and such control may give rise to actual or perceived conflicts of interests;
- our status as a "controlled company" grants us exemptions from certain corporate governance requirements;
- as a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock;
- we may fail to comply with the rules that apply to public companies, which could result in sanctions or other penalties;
- provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management, even if beneficial to our shareholders;
- provisions of our certificate of incorporation could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us; and
- a significant portion of our total outstanding shares may be sold into the market, which could cause the market price of common stock to drop.

For more information, see "Item 1A. Risk Factors."

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from

our expectations, or cautionary statements, include, but are not limited to those are disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other Securities and Exchange Commission (“SEC”) filings and public communications. You should evaluate all forward-looking statements made in this Annual Report in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Annual Report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

The United Nations Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or initiatives contribute to a particular SDG. Accordingly, investors should not place undue reliance on our application of the SDGs, as such application is subject to change at any time and in our sole discretion.

PART I

Item 1. *Business*

Overview

Thoughtworks Holding, Inc. ("Thoughtworks," the "Company," "we," "us," or "our") is a global technology consultancy that integrates strategy, design and software engineering to enable enterprises and technology disruptors across the globe to thrive as modern digital businesses. Thoughtworks exists to deliver extraordinary impact for clients, employees, partners and the communities we serve through our culture and technology excellence.

In the face of ongoing digital disruption, many companies lack the capabilities and talent necessary to keep pace with the accelerating rate of technological change. Thoughtworks has been a thought leader at the forefront of technology innovation for the past 30 years. We leverage our vast experience to improve our clients' ability to harness the benefits of cloud, data, and AI to deliver value and adapt to change.

We are a globally diversified business, with clients across all major verticals and geographies. Our global distributed agile delivery model operates where our clients are, with over 10,500 employees working across 19 countries on five continents—North America, South America, Europe, Asia and Australia. Further, our unique, diverse and cultivating culture, with a reputation for technology excellence and thought leadership, enables us to attract and retain what we believe is the best talent in the industry. That is why our clients trust Thoughtworks to partner with them to modernize their core infrastructure so they can capitalize on technology driven growth and efficiencies.

Thoughtworks provides end-to-end digital strategy, design and engineering services. We connect strategy to execution, using cross-functional teams to deliver value to our clients at scale. In 2023, as part of our announced structural reorganization, we created a new organizational home for the majority of our client-facing workforce, our Digital Engineering Center ("DEC"), and evolved our regional market structure. The new DEC provides supply across the regional markets and allows us to optimize resource allocation globally to better align to our clients' needs. Further, it enables our regional markets to have a more client and industry-based go-to-market focus while continuing to fund our investments in demand generation. The responsibility of our service lines is to innovate, evolve and deliver our services. With their specialized expertise, they contribute to both the sales and delivery processes. Our five global service lines provide specialized capabilities and thought leadership to drive technology execution:

- Enterprise Modernization, Platforms and Cloud
- Customer Experience, Product and Design
- Data & Artificial Intelligence ("AI")
- Digital Transformation and Operations
- DAMO™ Managed Services

Our service offerings, differentiated delivery, global talent and culture have enabled us to attract over 500 current clients, including global enterprises and technology disruptors. Our clients are diversified across industry verticals. We have relatively low client concentration with only 27.6% of our revenues coming from our top 10 clients in 2023. Our deep client integration and senior executive relationships have enabled us to drive long-standing partnerships with our clients, as demonstrated by an average tenure of six years across our top 10 clients by revenue in 2023. As a result, 93.2% of our revenues in 2023 were generated from existing clients.

Since our inception, we have been pioneers in technologies that now underpin today's modern digital businesses, such as agile software development, microservices, generative AI ("GenAI") and AI-assisted software delivery. We have established ourselves as a thought leader in our industry. We believe our approach enables us to deliver the innovations that deliver value for our clients before new technologies reach mass adoption.

Thoughtworks has always been an ardent supporter of open source software. From a philosophical perspective, we believe open software benefits the entire technology ecosystem, and because of this

philosophy, many of the tools and products we have developed have been released as open source software. Furthermore, Thoughtworkers are dedicated contributors to a wide variety of open source projects. We believe that open source enables us to build superior solutions to those based on proprietary software in terms of cost, freedom, privacy, security, quality and community. Building open source software allows us to share new ways of working and learn from the wider community.

We utilize a distributed agile delivery model, leveraging a broad base of high-quality, skilled global technology talent. Our professionals work with clients both where they are located and nearshore/offshore and in 2023, we established the DEC in response to our clients' growing need for flexibility. Our local presence enables us to develop strong client relationships and assimilate market context and knowledge. Blending our local presence with our nearshore/offshore capabilities allows us to innovate rapidly at scale.

Our differentiated approach is rooted in a unique culture that is championed by our global management team, which has an average tenure of 16 years, most of whom have worked across multiple functions and geographies, giving the group a diverse and well-rounded experience-base on all facets of our business. Our reputation for technology excellence, thought leadership and cultivating culture enable us to attract what we believe is the best talent in the industry. In addition, Thoughtworks is widely recognized for leading the technology industry through our efforts on diversity and inclusion. In 2023, we won the Google Cloud Partner of the Year award for Diversity, Equity and Inclusion. Further, 38% of our global management team are Women or Gender Diverse.

Our Strategy

Thoughtworks was founded in Chicago in 1993 by a small team with a unified purpose. At that time, information technology functions were largely regarded as ineffective cost centers. Thoughtworks aspired to change this by shrinking the distance between creators of technology and its consumers and by pursuing excellence in the craft of software development.

We continue to differentiate ourselves as a leading global technology consultancy that drives innovation by leveraging the following key growth strategies:

- **Broaden our service offerings where we have a strong right to win.** We are now helping our clients maintain and evolve their most critical digital assets with our new DAMO managed services. Running these applications is a natural extension for our build work, streamlining handover, costs, and contracting for our clients. Similarly, given our reputation for pragmatic innovation, our GenAI services help our clients leverage large language models ("LLM") for new products and services, more efficient business processes, and more productive software development.
- **Deepen our relationships with existing clients.** We have a successful track record of expanding our relationships with our existing clients. This is reflected in our total percentage of revenues from existing clients, which represented 93.2% in 2023. In addition, in 2023, we had 27 clients generating between \$5 million and \$10 million in revenues and 31 clients generating over \$10 million. We have expanded our DAMO™ managed service offerings and believe we have a substantial opportunity to cross-sell additional services to our existing clients.
- **Establish new client relationships.** We believe there are significant untapped opportunities to win new clients across current and adjacent industry verticals and geographies, and are focused on targeted accounts. To that end, we increased the total number of clients to 502 in 2023 from 416 in 2022. Adding new clients has also enabled us to maintain a relatively low client concentration with only 17.9% and 27.6% of our revenues coming from our top five and 10 clients, respectively, in 2023.
- **Develop new technical capabilities and client solutions.** For 30 years, we have been at the forefront of innovation, pioneering numerous trends in software development. We have built a thought leadership engine that we believe is consistently pioneering technology-driven business change. We accomplish this by giving our teams, who work in close proximity to our clients, autonomy to experiment with new technologies while solving complex client problems. When they discover new approaches and techniques, we give them resources to develop and harvest them, then scale them through our global delivery model. We encourage Thoughtworkers to develop and deepen their skills in new technologies. For instance, in 2023, nearly 3,200 Thoughtworkers undertook broad-based training in AI.
- **Develop and grow our strategic partnerships.** While we remain technologically agnostic and work with the appropriate technologies for our clients, we have expanded our relationships with hyperscale cloud providers, including Amazon, Google, Microsoft and Alibaba. This enables us to deepen our capabilities,

target new clients and drive meaningful growth. We partner with other third-party product and service companies to expand our execution capabilities as well as identify additional client opportunities.

- **Pursue strategic, targeted acquisitions.** Our historic growth has been predominantly organic and we expect this to continue. Going forward, we believe there is further opportunity to augment our business by selectively pursuing acquisitions that broaden our service offerings, add leading talent, expand our client base and addressable market and enhance the depth of our capabilities in all of our verticals and geographies. In 2023, Thoughtworks acquired Itoc, a leading Amazon Web Services ("AWS") Advanced Consulting Partner and Cloud Managed Services Provider in Australia.

Today, we believe our clients benefit from our differentiation, including our:

- **Unique approach to combining strategic guidance and hands-on implementation.** We empower our clients to navigate the complex technology landscape. Whether our clients need to modernize core applications, unlock value from their data, efficiently implement new processes with GenAI, build new products and services, or change their technology operating model to suit their business challenges, we provide end-to-end consulting and execution.
- **Deep technology expertise and industry shifting thought leadership.** Not only do we have the talent to confidently solve our clients' most complex technology problems, we have pushed our industry toward many of the important software development practices popular today, including distributed architecture and microservices, continuous delivery and DevOps, agile software development, evolutionary architecture, and programmatic test automation. Thoughtworkers have published over 100 books on a wide variety of topics, and our Technology Radar is used by tens of thousands of technologists to track trends in the industry.
- **Fast brass tacks adoption of new technologies.** We adopt new technologies quickly and apply them pragmatically to our clients' technology landscapes. By embracing Infrastructure as Code early, we helped our clients make DevOps practices successful in the cloud. Today, our work on AI-assisted software delivery is quickly becoming a go-to resource for using GenAI across coding, testing, and SDLC management.
- **Experience building high performing technology organizations.** We have extensive experience modernizing legacy technology. From mainframe modernization to unlocking data trapped in legacy systems, we help our clients build the technology underpinnings to move fast. We also work side-by-side with our clients in their time zones and languages to bring the right methods, principles, and tools to drive the culture change required to take advantage of modern technology. In 2023, we established the global DEC to give our clients greater flexibility working with us irrespective of location.
- **Skilled, transformational and global talent.** We deliver transformational change to our clients through our diverse talent base of over 10,500 Thoughtworkers. We hire high-aptitude Thoughtworkers who can learn new skills quickly and provide our teams across the globe with training in key technologies such as AI. We see this as a competitive advantage in the talent market.

Our Industry

We are in an exciting time of converging technology shifts and disruption. The pandemic gave way to a wave of new digital investment. That investment is the foundation supporting several new technology trends both present and on the horizon. Our clients are using technology to launch new businesses, make existing businesses more efficient, and prepare for GenAI and spatial computing.

Key Technology Industry Trends Driving Change

A number of key industry trends are driving spending for digital services:

- **AI everywhere:** The ability to effectively integrate AI to make people better at their jobs will be key to the success of enterprises in the future. Organizations will need to be deliberate about which technologies they can benefit from and how they will be used.
- **Realizing value from data and AI platforms:** Data is extremely valuable to modern enterprises but is often inaccessible to the people and teams who need it. Data platforms make it simple for developers to use data in new applications, build robust analytics and train tomorrow's models.

- **Evolving interactions:** With everything from voice interfaces to extended reality, existing solutions are becoming more immersive and seamless. Organizations need to reimagine how they engage with, learn from and delight stakeholders.
- **Accelerating physical-digital convergence:** Software is a core component of everything from vehicles to home appliances. It is not just organizations with a connection to the physical environment that need to bridge the gap between the real and the virtual — we expect this to affect any organization that is not a pure digital play.
- **Responsible tech — a critical consideration:** Guardrails around privacy, security and sustainability need to be firmly embedded in an organization's approach to technology.

Our Culture and People

Since inception, revolutionizing the technology industry has been a core part of Thoughtworks' mission. We are driven by a desire to "create an extraordinary impact on the world through our culture and technology excellence." We aim to be an awesome partner for clients and their ambitions. We have relentlessly focused on evolving our culture, creating a differentiated brand that Thoughtworkers are proud to be a part of. We believe our culture not only drives higher quality work but also enables us to efficiently recruit and retain Thoughtworkers to drive growth.

Diversity and Inclusion

Thoughtworks proudly and actively seeks to make itself and the technology industry more reflective and inclusive of the society that we serve. We believe that our culture encourages discourse and collaboration at all levels.

Diversity and inclusion has been a core guiding principle since we were founded. As of December 31, 2023, 37.5% of our global management team, 39.8% of our technologists and 42.4% of Thoughtworkers globally identify as Women or Gender Diverse.

Our Recognition

Our differentiated culture has been widely recognized by the industry, earning us numerous awards, including:

- At the close of 2023, six of Thoughtworks' countries had the Great Place to Work certification. We are proud that we have achieved industry-leading Great Place to Work trust index scores, with a global average of 83%.
- In Q4 2023, our overall global Glassdoor rating was 3.87, higher than the Glassdoor rating for the IT services sector of 3.78.
- In 2023, LinkedIn ranked us #9 on its list of the 50 best workplaces to grow a career in the US.
- In 2023, Thoughtworks was ranked #14 on Fortune's list of World's Best Workplaces™.

Attracting Talent

Our employee brand is strong in the market as evidenced by our awards noted above. Our recruitment capability is a source of key differentiation.

Thoughtworkers come from a variety of traditional and non-traditional technology backgrounds and include career changers and/or self-taught technologists, valuing transferable skills, adaptability and continuous learning. Our blended delivery approach gives us a clear advantage when it comes to attracting talent. Candidates have the opportunity to work on in-region service line projects, as well as in distributed agile teams — either as part of a nearshore or offshore delivery team. We believe candidates are attracted by our career development opportunities. We continue to innovate in our recruitment and onboarding processes and tools.

Training Talent

As a pioneer of agile and extreme programming practices, we are strong advocates for the principles of continuous improvement and believe that applies to developing our Thoughtworkers. In 2023, more than 100 Thoughtworkers completed our year-long leadership development program, where nearly 60% of the cohort were Women or Gender Diverse. Our Thoughtworks Academies offer a portfolio of custom learning experiences for Thoughtworkers to grow their capabilities across strategy, design, engineering and emerging technologies. In the past year, we trained nearly 3,200 Thoughtworkers in AI skills, including practices such as prompt engineering.

Retaining Talent

Cultivation and empowerment is a core part of our culture; we call this "Empowering Thoughtworker Growth"—enabling Thoughtworkers to have a personalized, integrated journey of cultivation and growth. We developed tools, including "Pathways" for career planning and growth paths and "Summit" for self-assessment, expectation-setting and feedback, as well as offering Thoughtworkers extensive online training opportunities.

Our Service Offerings

We are passionate about creating exceptional customer experiences and helping clients achieve their unique business goals. As our clients continuously evolve and grow their modern digital business capabilities, they capitalize on our end-to-end services that combine strategy, innovative experience design and world-class software engineering. Our five global service lines influence thought leadership, capability development, community building and client work to reinforce our position as a strategic partner. We are well placed to capitalize on the opportunities around AI and specifically GenAI, as clients start to scale and ready their platforms and data to scale engagements.

Enterprise Modernization, Platforms & Cloud

Our Enterprise Modernization, Platforms & Cloud service line focuses on evolving our clients' platforms, processes and talent to deliver business value quickly and enables continuous innovation and development. Key offerings include: modernization strategy and execution; digital platform strategy and engineering organization transformation; cloud modernization; cloud-native application support and evolution; and platform assessment and remediation.

Customer Experience, Product & Design

Our Customer Experience, Product & Design service line brings together design and product thinking with software engineering excellence, integrating product and platform strategies to help our clients build quality, digital products and deliver differentiated customer experiences. This service line delivers: idea to market; customer experience strategy; product organization transformation; AI-powered digital products; and product design and delivery.

Data & AI

Our Data & AI service line combines best-in-class data and software engineering practices, product thinking and data science expertise to help our clients extract value, insights and information from their data assets, connect data silos and create effective predictive analysis tools. This service line delivers: data strategy; intelligent products; data platforms and data mesh; continuous delivery for machine learning (CD4ML); and data governance.

Digital Transformation & Operations

Our Digital Transformation & Operations service line connects strategic understanding with software and platform expertise to deliver fast, effective organizational transformation, enabling clients to respond to ever-changing market expectations. This service line delivers: delivery transformation; digital fluency;

organizational transformation; value-driven portfolio management; technology strategy; executive advisory services; digital foundations training; and digital talent strategy.

DAMO Managed Services

Our end-to-end managed services give clients the strategic insight and engineering expertise to evolve and optimize their applications to remain responsive and resilient in the face of changing business needs and unexpected events. This includes managing tech debt to reduce the cost of maintaining legacy systems and minimize the risk of failure as well as freeing digital talent to focus on driving growth through high-value innovation, instead of spending time on routine maintenance.

Our Global Distributed Agile Delivery Model

Thoughtworks is a global business operating as a single organization, with consistent global capabilities regardless of country. We have a broad geographical presence with proven capabilities in key regions. As of December 31, 2023, we have 9.3% of our employees in North America, 13.9% in Europe, 13.7% in Latin America ("LATAM") and 63.1% in Asia-Pacific ("APAC").

Our blended delivery model means we are able to partner with our clients in ways that suit them. By offering a combination of onshore and nearshore/offshore talent, we are able to deliver the services our clients need, while balancing costs and proximity considerations.

Our Clients

During 2023, we served over 500 clients ranging from large, global enterprises to technology disruptors, who utilized our services and talent to help them evolve the digital capabilities within their organizations. We have a diversified client base spanning a range of geographies and industry verticals. In 2023, our revenues as a percentage of total revenues were as follows across geographies: 37.1% North America; 34.3% APAC; 24.9% Europe; and 3.7% LATAM. In addition, in 2023, our revenues as a percentage of total revenues were as follows across industry verticals: 26.1% energy, public and health services; 24.8% technology and business services; 17.5% financial services and insurance; 15.9% automotive, travel and transportation; and 15.7% retail and consumer. Additionally, our top five and 10 clients in 2023 represented just 17.9% and 27.6%, respectively, of our revenues.

We have long-term and trusted relationships with our clients. We look to partner with clients who recognize the importance of technology as a central component of their business strategy. With that shared understanding, we adopt their organizational priorities and collaborate with them to translate that strategy into higher business value over the long term.

Key Challenges Our Clients are Facing

As much as efficiency and modernization are considered imperatives, companies face several key challenges in the emerging move to AI, including the ability to:

- **Keep up with the latest technological innovations.** Often, companies lack the ability to synthesize and prioritize the latest technology to drive value and to compete.
- **Adopt platform thinking.** To benefit fully from digital platforms requires significant investments and, often, cultural changes.
- **Recruit and retain high-quality talent.** Competition for highly skilled people with particular expertise is fierce.

Sales & Marketing

Our sales and marketing strategy is focused on increasing revenues from existing clients, generating revenues from new clients and continuing to maintain our brand to appeal to current and prospective clients and employees.

Sales

Our sales strategy emphasizes a team-based approach involving client partners, account managers, delivery professionals and senior leaders. We have created a three-prong model for our demand teams. One group targets new client acquisition, a second looks after existing clients and the third builds on growing our partner business.

Our regional sales teams are organized around an industry-based go-to-market approach that enables us to build expertise and specialization in specific industry verticals.

Marketing

Our reputation as a leading digital services provider helps us generate new business opportunities. In addition to the flagship Thoughtworks Technology Radar, we have a portfolio of high impact publications such as our annual Looking Glass report, as well as thought leadership events, such as XConf, a global event series focused on the latest thinking from Thoughtworks' technology community.

The investment in our Digital Experience Platform — including the implementation of a new customer relationship management system and migration to a new content management system — has strengthened our ability to reach and influence our target business executive audience, support account growth with personalized account-based marketing and collate real-time insights to inform our go-to-market strategy.

Our focus on building our premium brand has resulted in Thoughtworks being ranked as a Brand Finance top 25 global IT services brand in 2023.

Environment and Social Impact

Environment

Thoughtworks is passionate about sustainability and the environment and has a long-standing commitment to creating positive social change through our technology contributions. We are a Steering Committee member of the Green Software Foundation, along with Microsoft, GitHub, and Intel among others, which seeks to build a trusted ecosystem for green software. In 2023, Thoughtworks' targets for company-wide emission reductions were validated by the Science Based Targets initiative ("SBTi").

Social Impact

We work with communities around the world on over 70 initiatives and strive to make significant contributions to the United Nations ("U.N.") Sustainable Development Goals ("SDGs"), particularly goals three (good health and well-being), five (gender equality), nine (industry, innovation and infrastructure), 10 (reduced inequalities) and 13 (climate action). We believe that our social impact ethic is a key pillar of our culture and business and is considered a board-level priority. Thoughtworkers seek to undertake transformational social impact projects around the world. An example of this is the work we do in support of the Digital Public Goods Alliance, whose mission is to promote digital public goods to create a more equitable world. In 2022, Thoughtworks joined the UN Global Compact. We believe the ten UN Global Compact principles are reflected in our company purpose, and we intend to make incorporating these principles into our strategies, policies and procedures a board-level priority.

Competition

We operate in a global, dynamic and rapidly evolving market and, as a result, face competition from a wide number of organizations and service providers, both global and local. These include software engineering specialists, large global consulting firms, strategic consulting firms, traditional IT services providers and our clients' in-house development teams.

We believe that our thought leadership, excellence in modern software engineering capabilities, experience delivering the kind of brownfield modernization other companies avoid, end-to-end solutions that we are able to deliver to our clients rapidly and at scale, differentiated global delivery model and unique culture with a focus on diversity and inclusion provide us with strong, sustained differentiation from our competition.

Intellectual Property

Our intellectual property rights are important to our business, particularly around our branding. We rely on a combination of copyright, trademark, patent and unfair competition laws, as well as intellectual property assignment and confidentiality agreements and other methods to protect our intellectual property rights. We require our employees, independent contractors, vendors and clients to enter into written confidentiality agreements upon the commencement of their relationships with us. These agreements generally provide that any confidential or proprietary information disclosed or otherwise made available by us be kept confidential.

We customarily enter into non-disclosure agreements with our clients with respect to the use of their software systems and platforms. Our clients usually own the intellectual property in the software or systems we develop for them. Furthermore, we usually grant a perpetual, worldwide, royalty-free, nonexclusive, transferable and non-revocable license to our clients to use our pre-existing intellectual property but only to the extent necessary to use the software or systems we developed for them.

We have invested and plan to continue to invest in research and development to enhance our domain knowledge and create complex, specialized solutions for our clients. We have registered (or applied for registration of) the trademark "Thoughtworks" in 25 jurisdictions, including the United States, the European Union and the United Kingdom, as of December 31, 2023. We have developed several tools, including consulting frameworks and software applications, that we use to deliver digital services to our clients. We have also secured patent protection for certain internal asset tracking and human machine interaction designs. In addition, to ensure we maintain the ability to engage with our clients, employees and the public, we have registered and maintained dozens of domain names.

We do not believe that any individual intellectual property right, other than our rights in our name and logo, is material to our business.

Government Regulations

Due to the industry and geographic diversity of our operations and services, our operations are subject to a variety of rules and regulations. Several foreign and U.S. federal and state agencies regulate various aspects of our business. We are subject to laws and regulations in the United States and other countries in which we operate, including export-import restriction and regulations, economic and trade sanctions, anti-corruption laws, and privacy laws and regulations like the California Consumer Privacy Act (CCPA), the California Privacy Rights Act ("CPRA") and the General Data Protection Regulation (GDPR), among others. Compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures.

Corporate & Website Information

Thoughtworks Holding, Inc. was incorporated in Delaware in 2017 to serve as the indirect holding company of Thoughtworks, Inc. and its direct and indirect subsidiaries. Our principal executive offices are located at 200 East Randolph Street, 25th Floor, Chicago, Illinois 60601. Our telephone number is (312) 373-1000. Our website address is www.thoughtworks.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report or any other report or document we file with the SEC.

Available Information

The SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. We are subject to the information and reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available at the website of the SEC referred to above. We also maintain a website at www.thoughtworks.com. You may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Our website also provides access to reports filed by our directors, executive officers and certain significant shareholders pursuant to Section 16 of the Exchange Act. In addition, our Code of Conduct, Code

of Ethics for Senior Financial Officers and charters for the committees of our Board of Directors (the "Board") are available on our website as well as other shareholder communications.

Item 1A. Risk Factors

Our business, financial condition, cash flows, and operating results can be affected by a number of factors, whether currently known or unknown, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results and stock price. Before making a decision to invest in our common stock, you should carefully consider all of the risks and uncertainties.

Risks Related to Our Global Operations

Economic conditions have resulted in, and may continue to result in, client delays, reductions or cancellations, which has made it, and may continue to make it, more difficult to forecast client demand and effectively build a pipeline.

Global macroeconomic conditions have, and may continue to, impact us and our clients' businesses. Volatile economic conditions, including a potential recession, may continue to undermine business confidence in the markets in which we operate. We have seen, and may continue to see, clients reducing or deferring their spending on new initiatives and technologies. In addition, we have experienced, and may continue to experience, clients reducing, delaying or eliminating spending under existing contracts with us, which negatively affects our business. We generally do not have long-term commitments from our clients, our clients may terminate contracts before completion or choose not to renew contracts, and we are not guaranteed payment for services performed under contract. Clients that delay payment, request modifications to their payment arrangements, or fail to meet their payment obligations to us could increase our cash collection time, cause us to incur bad debt expense, or cause us to incur expenses in collections actions. A loss of business, non-payment or a decrease in the scope of business from significant clients could materially affect our results of operations.

Ongoing economic volatility and changing demand patterns make it more difficult to accurately forecast client demand and effectively build our revenue pipeline. Such changes in demand patterns may result in geographic or skill supply imbalances. It may take some time for the effects and changes in demand patterns to manifest themselves in our business and results of operations. Although a substantial majority of our revenues are typically generated from clients who also contributed to our revenues during the prior year, our engagements with our clients are typically for projects that are singular in nature. Therefore, we must seek to obtain new engagements when our current engagements end. Termination or non-renewal of a client contract could cause us to experience a higher-than-expected number of unassigned employees and thus compress our margins until we are able to reallocate our headcount. The loss of clients, a significant decrease in the volume of work our clients outsource to us or the price they are willing or able to pay us, if not replaced by new service engagements and revenue, could materially adversely affect our revenues and results of operations.

We have, and may continue to, offer significant discounts for our services, which has, and may continue to, put pressure on our margins. If our pricing structures are based on inaccurate expectations and assumptions regarding the cost of performing our work, or if we are not able to maintain favorable pricing for our services, then our contracts could be unprofitable.

We face a number of risks when pricing our contracts and setting terms with our clients. Our pricing is highly dependent on our internal forecasts, assumptions and predictions about our projects, the marketplace, global economic conditions (including foreign exchange volatility) and the coordination of operations and our people in multiple locations with different skill sets and competencies. As a result of the current macroeconomic environment impacting our market and client budget pressure, we have discounted work or accepted lower-priced incremental projects. This has, and may continue to, compress margins and reduce revenue. Our pricing and cost estimates for the work that we perform may include anticipated long-term cost savings that we expect to achieve and sustain over the life of the contract. Because of such inherent uncertainties, we may underprice our services, fail to accurately estimate the costs of performing the work, or fail to accurately assess the risks associated with potential contracts, such as defined performance goals, service levels and completion schedules. The risk of underpricing our services or underestimating the costs of performing the

work is heightened in fixed-price contracts and other similar commercial contracting arrangements, which may become a larger portion of our revenues if our pricing structures change. If we fail to accurately estimate the resources, time or quality levels required to complete such engagements, or if the cost to us of employees, facilities, or technology unexpectedly increases, we could be exposed to cost overruns. Any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of the services, including those caused by factors outside our control, could make these contracts less profitable or unprofitable. In addition, our industry is sensitive to the economic environment and the industry tends to decline during general economic downturns.

We face risks associated with having a long selling and implementation cycle for our services that require us to make significant resource commitments prior to realizing revenues for those services.

We have experienced, and may in the future experience, a long selling cycle for our services. Our sales cycle is defined as the elapsed time between the date of opening a qualified client opportunity and the date the opportunity is closed with an agreement to provide services to the client. Before potential clients commit to use our services, they require us to expend substantial time and resources educating them on the value of our services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our clients' decision to select another service provider or in-house resources to perform the services, the timing of our clients' budget cycles, and client procurement and approval processes. If our sales cycle unexpectedly lengthens for one or more large projects, it could negatively affect the timing of our revenues and our revenue growth. In certain cases, we may begin work and incur costs prior to executing a contract, which may cause fluctuations in recognizing revenues between periods or jeopardize our ability to collect payment from clients.

Implementing our services also involves a significant commitment of resources over an extended period of time from both our clients and us. Our current and future clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential clients despite devoting significant time and resources to them. Any significant failure to generate revenues or delays in recognizing revenues after incurring costs related to our sales or services processes could have a material adverse effect on our business.

Our business has been, and may continue to be, adversely affected by volatile or uncertain operational, geopolitical, regulatory, legal and economic conditions.

Changing demand patterns from economic volatility and uncertainty, including as a result of increasing geopolitical tensions, inflation, increasing energy costs, economic downturns, changes in global trade policies, global health emergencies and their impact on us, our clients and the industries we serve, could have a significant negative impact on our results of operations. Furthermore, the hyper-growth period experienced in the global technology industry during the COVID-19 pandemic has slowed and is expected to normalize. Our operations and our clients are located throughout the world, and a significant part of our revenue comes from international sales. The global nature of our business creates operational and economic risks. Our results of operations may be affected by global, regional, and local economic developments, monetary policy, inflation, and recession, as well as political, trade and military disputes. War, terrorism, riot, civil insurrection or social unrest; and natural or man-made disasters, including famine, flood, fire, earthquake, pandemics and other regional or global health crises, storm or disease may cause difficulties in staffing and managing our operations, cause clients to delay their decisions on spending for the services we provide, give rise to sudden significant changes in regional and global economic conditions and cycles and may create unanticipated challenges for our growth strategy. Further escalation or expansion of on-going wars and conflicts in Europe and the Middle East could impact our business operations in those regions, including disrupting our client service delivery and negatively impacting the demand for our services. Emerging nationalist trends in specific countries may significantly alter the trade environment. Changes to trade policy or agreements as a result of populism, protectionism, or economic nationalism may result in higher tariffs, local sourcing initiatives, or other developments that make it more difficult to sell our services and solutions internationally. Travel restrictions resulting from natural or man-made disruptions and political or social conflict increase the difficulty of obtaining and retaining highly-skilled and qualified professionals and could unexpectedly increase our labor costs and expenses, both of which could also adversely affect our ability to serve our clients.

Operational, geopolitical, environmental, and economic events may pose significant security risks to our employees, the facilities where they work, our operations, electricity and other utilities, communications, travel and network services, and the disruption of any or all of them could materially adversely affect our

financial results. Our crisis management procedures, business continuity plans and disaster recovery capabilities may not be effective at preventing or mitigating the effects of a disaster.

Certain legal systems or policy decisions may make it more difficult to obtain, maintain, protect and enforce intellectual property, contractual or corporate rights. Disruptions of these kinds in developed or emerging markets could negatively impact demand for our services and solutions or increase our operating costs.

We have significant operations in China. Doing business in China has increased risks given the uncertainties around domestic legislation, foreign policy, trade policy and international relations. Some clients have refused, and may in the future refuse, to accept, or were prohibited from accepting, services originating from China. Furthermore, we face the risk that our business operations in China will be impacted by government regulations and/or foreign sanctions. Escalation of current geopolitical tensions may implicate China and could increase the risk of government regulations and/or foreign sanctions and imposition of export controls and import restrictions. In addition, our information technology systems may be at risk of being blocked from our world-wide operations. Ongoing human rights concerns in China may result in boycotts of our services or client requests not to use Chinese operations to support their projects.

We may be unable to implement our strategy.

Our strategy focuses on developing innovative solutions at the forefront of emerging technologies for our clients. As such, our ability to grow may not be consistent year to year. Over the last five years, we have gone through periods of significant growth. During these times, we are required to invest substantially in human capital and infrastructure, including training, administration, operations and facilities. We have also had, and may have in the future, periods of contraction that require restructuring activities. This can include headcount reductions, operational efficiencies and changes in our target operating model ("TOM"). Our strategy places significant demands on our management and our administrative, operational and financial infrastructure, and our strategy creates challenges, including:

- training and retaining a sufficient number of skilled professionals and management personnel;
- planning our staffing needs on a consistent basis and efficiently using on-site and off-site staffing;
- maintaining close and effective relationships with a larger number of clients in a greater number of industries and locations;
- reducing costs and minimizing cost overruns and project delays in delivery center and infrastructure expansion;
- effectively maintaining productivity levels and implementing process improvements across geographies and business units; and
- improving our internal administrative, operational and financial infrastructure.

We are continuing to implement our strategy while seeking to make our cost structure and business more efficient. As we introduce new services, enter into new markets, integrate corporate acquisitions, and take on increasingly innovative projects, often implementing or introducing new technologies to our clients, our business may face new risks and challenges. If our clients do not choose us for innovative projects or we do not effectively manage those projects, our reputation, business and financial goals may be damaged. We need to generate business and revenues to support new investments and infrastructure projects. We risk inaccurately estimating our human capital needs, which may result in having personnel with the wrong skill sets in our business, having an excess in personnel or deficiency in certain specialized skills sets and as a result we may need to recalibrate our workforce including adjusted hiring patterns and undertaking periodic workforce reductions. During 2023, we undertook restructuring actions, including a headcount reduction, to better align our financial model and our business with the market. We may need to take additional restructuring actions in the future to align our business with the market. Furthermore, inaccurately assessing human capital needs may, and which in the past has resulted, and in the future may result, in additional workforce reductions. The challenges associated with expansion while controlling our operating costs could negatively impact our anticipated growth and margins. In addition, our restructuring actions, including implementing our new TOM, may not yield the intended benefits and may be unsuccessful or disruptive to our business. As a result, our business, prospects, financial condition and results of operations could be materially adversely affected.

Risks Related to Our Client Relationships

We are dependent on our existing client base and our ability to retain and expand our relationships with such clients.

Historically, a significant percentage of our revenues has come from our existing client base. For example, during the fiscal year ended December 31, 2023, 93.2% of our revenues came from Existing Clients (as defined elsewhere in this Annual Report). However, the volume of work performed for a specific client is likely to vary from year to year, especially since we generally do not have long-term commitments from our clients and are often not our clients' exclusive technology services provider. A client in one year may not provide the same level of revenue for us in any subsequent year. Further, one or more of our significant clients could be acquired, and there can be no assurance that the acquirer would choose to use our services in respect of such clients to the same degree as previously, if at all.

In addition, the services we provide to our clients, and the revenues and income from those services, may decline or vary as the type and quantity of services we provide changes over time. In addition, our reliance on any individual client for a significant portion of our revenues may give that client a certain degree of pricing leverage against us when negotiating contracts and terms of service.

Our business model depends on relationships our teams develop with our clients so that we can understand our clients' needs and deliver solutions and services that are tailored to those needs. If a client is not satisfied with the quality of work performed by us, or with the type of services or solutions delivered, we could incur additional costs to address the situation, the profitability of that work might be impaired, and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client. In particular, clients that are not satisfied might seek to terminate existing contracts, which could mean that we could incur costs for the services performed with no associated revenue. This could also direct future business to our competitors.

Our ability to generate and retain business depends on our reputation in the marketplace.

Our services are marketed to clients and prospective clients based on a number of factors, including reputation. Our corporate reputation is a significant factor in our potential clients' evaluation of whether to engage our services. Our clients' perception of our ability to add value through our services is critical to the profitability of our engagements. We believe that the Thoughtworks brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and contribute to our efforts to recruit and retain talented employees.

Our corporate reputation is potentially susceptible to damage by actions or statements made by current or former clients and employees, competitors, vendors, adversaries in legal proceedings, government regulators, as well as members of the investment community and the media. We and our officers and directors are and may from time to time be subject to legal proceedings in the ordinary course of business or otherwise, which could adversely affect our reputation even if we or they ultimately prevail. There is a risk that negative information about us, even if untrue, could adversely affect our business, could cause damage to our reputation and be challenging to repair, could make potential or existing clients reluctant to select us for new engagements, could lead to a loss of revenue or litigation, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of the Thoughtworks brand name and could reduce investor confidence in us.

If we are unable to adapt to rapidly changing technologies, methodologies and evolving industry standards, we may lose clients and our business could be materially adversely affected.

Rapidly changing technologies, methodologies and evolving industry standards are inherent in the market for our services and solutions. Our ability to anticipate developments in our industry, enhance our existing services, develop and introduce new services or tools, provide enhancements and new features for our solutions and tools, and keep pace with changes and developments are critical to meeting changing client needs. Our ability to keep pace with, anticipate or respond to changes and developments is subject to a number of risks, including that:

- we may not be able to develop new, or update existing, services, applications, tools and software quickly or inexpensively enough to meet our clients' needs;

- we may find it difficult or costly to make existing software and tools work effectively and securely over the internet or with new or changed operating systems;
- as we operate in a rapidly evolving industry, new technologies may develop that may make our services more efficient, which could result in greater pricing competition from competitors and internal client resources, or make our services obsolete;
- we may find it challenging to develop new, or update existing, software, services and tools to keep pace with evolving industry standards, methodologies and regulatory developments in the industries where our clients operate at a pace and cost that is acceptable to our clients;
- we may find that the services, tools, technologies or methodologies we develop or implement may not be successful in the marketplace; and
- we may find it difficult to maintain high quality levels of performance with new technologies and methodologies.

Further, services, tools, technologies or methodologies that our competitors develop may render our services or tools non-competitive or obsolete. Our failure to enhance our existing services and tools and to develop and introduce new services and tools to promptly address the needs of our clients could have a material adverse effect on our business.

We may not be successful in our emerging technology initiatives, which could adversely affect our business, reputation, or financial results.

In part, our reputation in our industry is built on our past success of developing and implementing emerging technologies for clients. Our ability to stay at the forefront of emerging technologies requires significant investment in time, human capital resources, and cash. We risk investing in the wrong technologies or investing in a desired technology too late. Our inability to choose the right technologies to invest in can have reputational and financial repercussions and may impact our ability to scale our business.

We are making significant investments in AI initiatives to, among other things, develop new products, develop new features for existing products and make our business run more efficiently. There are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business. For example, our AI-related efforts may give rise to risks related to harmful content, accuracy, bias, discrimination, toxicity, intellectual property infringement or misappropriation, defamation, data privacy, and cybersecurity, among others. In addition, these risks include the possibility of new or enhanced governmental or regulatory scrutiny, litigation, or other legal liability, ethical concerns, negative consumer perceptions as to automation and AI, or other complications that could adversely affect our business, reputation, or financial results. We face significant competition from other companies that are developing their own AI technologies. Our competitors may develop AI technologies that are similar or superior to our technologies or are more cost-effective to develop and deploy. We are also developing AI technology that we make available via open source to third-parties that can use this technology for use in their own products and services. We may not have insight into, or control over, the practices of third parties who may utilize such AI technologies. As such, we cannot guarantee that third parties will not use such AI technologies for improper purposes, including through the dissemination of inaccurate, defamatory or harmful content, intellectual property infringement or misappropriation, furthering bias or discrimination, cybersecurity attacks, data privacy violations, or to develop competing technologies. As such, it is not possible to predict all of the risks related to the use of AI and changes in laws, rules, directives, and regulations governing the use of AI may adversely affect our ability to develop and use AI or subject us to legal liability.

Risks Related to Our Financial Condition

If we fail to integrate or manage acquired companies successfully, or if acquisitions do not perform to our expectations, our overall profitability, our culture and growth plans could be materially adversely affected.

As part of our strategy, we expect to acquire businesses that we believe are a strategic fit with ours, both culturally and operationally, to augment our organic growth or to keep us at the forefront of emerging technologies. However, we may not be able to find acquisition targets that meet our criteria, and there may be intense competition for acquisition targets that are attractive to us. In addition, we do not have extensive experience integrating and managing acquired businesses or assets. Such acquired businesses or assets may not advance our business strategy or achieve a satisfactory return on our investment; we may not be able to

successfully integrate acquired employees into our culture, client relationships or operations; and acquisitions divert significant management attention and financial resources from our ongoing business. Historical practices, policies and controls of acquired companies may present reputation and business risks to us. Furthermore, contracts between our acquisition targets and their clients may lack terms and conditions that retain the client relationship or adequately protect us against the risks associated with the services we provide, which may increase our potential exposure to damages. If not effectively managed, the disruption of our ongoing business, increases in our expenses (including significant one-time expenses and write-offs) and the difficulty and complexity of effectively integrating acquired operations may adversely affect our overall growth and profitability.

Our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates.

Our functional currency is the U.S. dollar. However, we are exposed to foreign currency exchange transactions related to our non-U.S. operations. Our profit margins are subject to volatility as a result of changes in foreign exchange rates. Significant fluctuations in currency exchange rates have had, and may continue to have, a material impact on our business and results of operations. In some countries, we may be subject to regulatory or practical restrictions on the movement of cash and the exchange of foreign currencies, which would limit our ability to use cash across our global operations and increase our exposure to currency fluctuations. This risk could increase as we continue expanding our global operations, which may include entering emerging markets that may be more likely to impose these types of restrictions. Currency exchange volatility caused by political or economic instability or other factors could also materially impact our results. See “Item 7A. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Risk.”

Our cash flows and results of operations may be adversely affected if we are unable to collect on billed and unbilled receivables from clients.

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We maintain provisions against receivables. Actual losses on client balances could differ from those that we currently anticipate and, as a result, we may need to adjust our provisions. We may not accurately assess the creditworthiness of our clients. Macroeconomic conditions, such as a global recession, could also result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables balance. Timely collection of fees for client services also depends on our ability to complete our contractual commitments and subsequently bill for and collect our contractual service fees. If we are unable to meet our contractual obligations, we might experience delays in the collection of or be unable to collect our client balances, which would adversely affect our results of operations and could adversely affect our cash flows. In addition, if we experience an increase in the time required to bill and collect for our services, our cash flows could be adversely affected, which in turn could adversely affect our ability to make necessary investments and, therefore, our results of operations.

Our effective tax rate could be materially adversely affected by several factors.

We conduct business globally and file income tax returns in multiple jurisdictions. Our effective tax rate could be materially adversely affected by several factors, including changes in the amount of income taxed by or allocated to the various jurisdictions in which we operate that have differing statutory tax rates; changing tax laws, regulations and interpretations of such tax laws in one or more jurisdictions; and the resolution of issues arising from tax audits or examinations and any related interest or penalties. The determination of our income tax expense and other tax liabilities requires estimation, judgment and calculations where the ultimate tax determination may not be certain. Our determination of tax liability is always subject to review or examination by authorities in various jurisdictions. If a tax authority in any jurisdiction reviews any of our tax returns and proposes an adjustment, including, but not limited to, a determination that the transfer prices and terms we have applied are not appropriate, such an adjustment could have a negative impact on our results of operations, business and profitability. In addition, any significant changes to the Tax Cuts and Jobs Act (“U.S. Tax Act”) enacted in 2017, or to regulatory guidance associated with the U.S. Tax Act, could materially adversely affect our effective tax rate.

Many countries in which we operate enacted local legislation related to the Organization for Economic Co-operation and Development Pillar Two Global Anti-Base Erosion (“GloBE”) rules, which include the introduction

of a 15% global minimum tax. We continue to monitor and evaluate the GloBE rules and their potential impact on our effective tax rate.

Risks Related to Our People and Growth

We must successfully attract, hire, train and retain qualified professionals to service our clients' projects and we must productively deploy our professionals to remain profitable.

Identifying, recruiting, hiring and retaining professionals with specialized and diverse skill sets across our broad geography of operations and consistent with our evolving client delivery model is critical to maintaining existing engagements and obtaining new business. If we are unable to recruit skilled professionals and if we do not deploy those professionals productively, our profitability will be significantly impacted. We must manage our professionals well and by planning and training for future needs effectively and staffing projects appropriately while accurately predicting the general economy and our clients' need for our services. Increasing worldwide competition for skilled technology professionals may lead to a shortage in the availability of skilled professionals in the locations where we operate and hire. If we are unable to attract, hire, train and retain highly skilled professionals and productively deploy them on client projects, we will jeopardize our ability to meet our clients' expectations and develop ongoing and future business, which could adversely affect our financial condition and results of operations.

Competition for highly skilled professionals is intense in the markets where we operate, and we may experience significant employee turnover rates due to such competition. If we are unable to retain professionals with specialized skills, our revenues, operating efficiency and profitability will decrease. Cost reductions, such as reducing headcount, or voluntary departures that result from our failure to retain the professionals we hire, could negatively affect our reputation as an employer and our ability to hire skilled professionals to meet our business requirements in the future. Inability to attract or retain professionals with specialized skill sets may disrupt our ability to provide certain client services and impact our reputation for innovation on our industry. Increased compensation to retain skilled professionals could lead to lower margins or to price increases that may in turn lead to a decline in demand for our services.

Any significant growth in the market for our services or solutions or our entry into new markets may require an expansion of our employee base for managerial, operational, financial and other purposes. During any period of growth, we may face problems related to our operational and financial systems and controls, including quality control and delivery and service capacities. We would also need to continue to expand, train and manage our employee base. Periods of significant growth impose significant added responsibilities upon the members of management to identify, recruit, maintain, integrate and motivate new employees. If we experience a period of stagnation or contraction, we may be required to reassess our staffing needs and consider workforce reductions.

Increases in wages, equity compensation and other compensation expenses could prevent us from sustaining our competitive advantage and increase our costs.

In all countries in which we operate, wage inflation, whether driven by competition for talent, macroeconomic pressures, or ordinary course pay increases, may also increase our cost of providing services and reduce our profitability if we are not able to pass those costs on to our clients or charge premium prices when justified by market demand. If we do not keep up with wage inflation in the markets in which we operate, we could reduce our ability to attract and retain talent. As a corollary, if we increase operations and hiring to a significant degree in developed countries above the hiring rate in emerging countries, our compensation expenses may increase at a faster rate because of the higher wages for technology professionals in those developed markets. In addition, if we are unable to maintain our premium pricing model, we may see reduced profitability or be unable to pay wages consistent with market practices, which may result in higher attrition.

If we cannot positively evolve our Thoughtworks culture as we grow, we could lose the innovation, teamwork, passion and execution that we believe contribute to our success, and our business may be harmed.

We believe a critical component to our success has been our corporate culture. We have invested substantial time and resources in building our team and developing our leaders. Our culture has evolved over time, including in ways that may be unforeseeable or unfavorable to us. As we develop the infrastructure of a public company, our operations may need to change to support that infrastructure. In particular, we are

committed to a business culture that promotes intentional sharing of decision-making processes so that our team members are engaged and invested in our mission and operational success. We may have difficulties maintaining our culture in our on-going environment where employees are working remotely.

Risks Related to Our Industry

We face intense competition from a range of technology and software services providers, and an increase in competition or our inability to compete successfully could materially adversely affect our business.

The market for technology services and solutions is intensely competitive, highly fragmented and subject to rapid change and evolving industry standards and we expect competition to intensify. Our success depends on creating software services and solutions that deeply connect our clients with consumers and employees. For example, if we are unable to anticipate technology developments, enhance our existing services or develop and introduce new services to keep pace with such changes and meet changing client needs, we may lose clients and our revenues and results of operations could suffer. Our results of operations would also suffer if our innovations are not responsive to the needs of our clients, are not appropriately timed with market opportunities, are not effectively brought to market or are commoditized. Existing and new competitors may be able to offer engineering, design and innovation services that are, or that are perceived to be, substantially similar or better than those we offer, or they may offer such services at a discounted rate. In addition, our competitors may have greater financial, technical and other resources and greater name recognition than we do. Certain competitors may also have, or over time will have, a stronger presence in certain geographic markets. We may also face competition from in-house development by our clients, academic and government institutions, and the open-source community who may offer similar solutions or an adequate substitute for our services and solutions. These factors may force us to compete on other fronts in addition to the quality of our services and to expend significant resources in order to remain competitive, which we may be unable to do.

Risks Related to Our Indebtedness

Our existing indebtedness could adversely affect our business and growth prospects.

As of December 31, 2023, we had \$295.3 million outstanding under our senior secured term loan expiring March 24, 2028, provided for under the Term Loan and \$300.0 million of availability under our Revolver (as defined below). Our debt service obligation includes the payment of interest expense. Failure to pay on our obligations could trigger an event of default, the consequences of which are explained herein. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Our Credit Facilities.” Our indebtedness, and any future indebtedness we may incur, could require us to divert funds identified for other purposes for debt service, which could adversely affect our business and growth prospects.

Our level of indebtedness may place us at a competitive disadvantage to our competitors that are not as highly leveraged. Fluctuations in interest rates can increase borrowing costs. Increases in interest rates may directly impact the amount of interest we are required to pay and reduce earnings accordingly. In addition, developments in tax policy, such as the disallowance of tax deductions for interest paid on outstanding indebtedness, could have an adverse effect on our liquidity and our business, financial condition and results of operations.

The Credit Agreement governing our Term Loan and Revolver contains a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including our ability to incur additional debt, create or incur liens, engage in mergers or consolidations, sell, transfer or otherwise dispose of assets, make voluntary prepayments to subordinated debt, pay dividends or distributions, make investments, and enter into certain transactions with affiliates. In addition, the restrictive covenants in the Credit Agreement require us to satisfy a financial condition test for the benefit of our Revolver in the event our Revolver usage exceeds 35% of our available Revolver (subject to certain exclusions for letters of credit). Our ability to satisfy those tests can be affected by events beyond our control.

A breach of the covenants or restrictions under the Credit Agreement could result in an event of default, which could permit our creditors to accelerate our debt and terminate commitments to extend credit to us. In addition, if we cannot generate sufficient cash flow from operations to service our debt, we may need to

refinance our debt, dispose of assets or issue equity to obtain necessary funds, which we may not be able to do on favorable terms, or at all.

Risks Related to Our Services and Solutions

If we cause disruptions to our clients' businesses, provide inadequate service, or breach contractual obligations, our clients may have claims for substantial damages against us and our reputation may be damaged. Our insurance coverage may be inadequate to protect us against such claims.

If our professionals make errors in the course of delivering services or we fail to meet contractual obligations to a client, these errors or failures could disrupt the client's business or expose confidential or personally identifiable information. Any of these events could result in a reduction in our revenues, damage to our reputation, and could also result in a client terminating our engagement and making claims for substantial damages against us. Some of our client agreements do not limit our potential liability for occurrences such as breaches of confidentiality and indemnification relating to intellectual property infringement, misappropriation or other violations, and we cannot generally limit liability to third parties with which we do not have a contractual relationship. In some cases, breaches of confidentiality obligations, including obligations to protect personally identifiable information, may entitle the aggrieved party to equitable remedies, including injunctive relief.

Although we maintain professional liability insurance, product liability insurance, commercial general and property insurance, business interruption insurance, workers' compensation coverage, cyber insurance and umbrella insurance for certain of our operations, our insurance coverage does not insure against all risks in our operations or all claims we may receive. Damage claims from clients or third parties brought against us or claims that we initiate due to the disruption of our business, litigation or natural disasters, may not be covered by our insurance, may exceed the limits of our insurance coverage, and may result in substantial costs and diversion of resources even if insured. Some types of insurance are not available on reasonable terms or at all in some countries in which we operate, and we cannot insure against damage to our reputation. The assertion of one or more large claims against us, whether or not successful and whether or not insured, could materially adversely affect our reputation, business, financial condition and results of operations.

Security breaches, cyber-attacks, employee and other internal misconduct, computer viruses, the mishandling of personal data and other disruptions to network security could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of business, we collect, use, store, process, transmit and view sensitive or confidential data, including intellectual property, proprietary business information or personally identifiable information belonging to us, our clients, respective employees and other end users. This information is stored on our networks or in the data centers and networks of third-party providers. Physical security and the secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Some of our clients have sought, and may continue to seek, additional assurances for the protection of their sensitive information, including personally identifiable information, and attach greater liability in the event that their sensitive information is disclosed.

Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers, computer malware, viruses, social engineering (including phishing and ransomware attacks), or breached due to software bugs, human error, employee theft, misuse, misconduct or malfeasance, system failure or other disruptions. Any such breach could compromise our networks, or the networks of our third-party providers, and the information stored there could be accessed, held for ransom, publicly disclosed, misappropriated, lost or stolen. Some of our systems will not be fully redundant and any problems at our third-party providers' data centers could result in lengthy interruptions in service. Such a breach, misappropriation or disruption could also disrupt our operations and the services we provide to clients, damage our reputation, and cause a loss of confidence in our tools and services, as well as require us to expend significant resources to protect against further breaches and to rectify problems caused by these events. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under applicable laws, and regulatory penalties and could adversely affect our business, revenues and competitive position.

The techniques utilized and planned by hackers, bad actors, and other unauthorized entrants are varied and constantly evolving and may not be detected until a breach has occurred. As a result, despite our efforts, it

may be difficult or impossible for us to implement measures that fully prevent such attacks or react in a timely manner. Unauthorized parties may in the future attempt to gain access to our systems or facilities through various means, including, among others, hacking into our or our clients' systems or facilities, or attempting to fraudulently induce our employees, clients or others into disclosing usernames, passwords, or other sensitive information, which may, in turn, be used to access our information technology systems and gain access to our data or other confidential, proprietary, or sensitive information. Such efforts may be state-sponsored and supported by significant financial and technological resources, making them even more difficult to detect and prevent. There can be no assurance that any security or other operational measures that we or our third-party providers have implemented will be effective against any of the foregoing threats or issues.

In addition, certain of our third-party providers may also be subject to such attempts, which then can be used to attempt to infiltrate our systems or to access our data or other confidential, proprietary, or sensitive information. Because we do not control our third-party service providers or the processing of data by such providers, other than through our contractual relationships, our ability to monitor our third-party providers' data security may be very limited such that we cannot ensure the integrity or security of measures they take to protect and prevent the loss of our or our clients' data. As a result, we are subject to the risk that cyber-attacks on, or other security incidents affecting, our third-party providers may adversely affect our business even if an attack or breach does not directly impact our systems. It is also possible that security breaches sustained by, or other security incidents affecting, our competitors could result in negative publicity for our entire industry that indirectly harms our reputation and diminishes demand for our services and solutions.

Furthermore, federal and state regulators and many federal and state laws and regulations require notice of certain data security breaches that involve personal information, which, if applicable, could lead to widespread negative publicity, which may cause our clients to lose confidence in the effectiveness of our data security measures. In addition, we may incur significant costs and operational consequences in connection with investigating, mitigating, remediating, eliminating, and putting in place additional measures designed to prevent future actual or perceived security incidents, as well as in connection with complying with any notification or other obligations resulting from any security incidents.

Our insurance policies may not be adequate to reimburse us for losses caused by security breaches, and we may not be able to collect fully, if at all, under these insurance policies. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business. Furthermore, we cannot be certain that insurance coverage will continue to be available on acceptable terms or at all, or that the insurer will not deny coverage as to any future claim.

If we are unable to fully protect the security and privacy of our data, or if we or our third-party service providers are unable to prevent any data security breach, incident, unauthorized access, and/or misuse of our information by our clients, employees, service providers, or hackers, it could result in significant liability (including litigation and regulatory actions and fines), cause lasting harm to our brand and reputation and cause us to lose existing clients and fail to win new clients.

A significant failure in our systems, telecommunications or IT infrastructure could harm our service model, which could result in a reduction of our revenues and otherwise disrupt our business.

Our service model relies on maintaining well-functioning voice and data communications, online resource management, financial and operational record management, client service and data processing systems between our client sites and our client management locations. Our business activities may be materially disrupted in the event of a partial or complete failure of any of these technologies, which could be due to software malfunction, computer virus attacks, conversion errors due to system upgrades, damage from fire, earthquake, power loss, telecommunications failure, unauthorized entry, demands placed on internet infrastructure by growing numbers of users and time spent online, increased bandwidth requirements or other events beyond our control. Such events could result in interruptions in service to our clients, damage to our reputation, harm to our client relationships, and reduced revenues and profitability. Further, because we rely on third-party service providers, we may be affected by security incidents that we can neither control nor mitigate, including their vulnerability to damage or interruption from physical theft, fire, natural disasters, acts of terrorism, power loss, war, telecommunications and other service failures, computer viruses, degradation of service attacks, ransomware, insider theft or misuse, break-ins, software bugs, human error, technical malfunctions and similar events.

Our crisis management procedures, business continuity plans and disaster recovery capabilities may not be effective at preventing or mitigating the effects of such disruptions, particularly in the case of a catastrophic event. Loss of all or part of the infrastructure or systems for a period of time could hinder our performance or our ability to complete client projects on time which, in turn, could lead to a reduction of our revenues or otherwise materially adversely affect our business and business reputation.

Risks Related to Regulation, Legislation and Legal Proceedings

Changes in privacy and data protection regulations could expose us to risks of noncompliance and costs associated with compliance.

We are subject to federal, state and international data privacy and data security regimes due to our global business. For example, among others, we are subject to the European Union's General Data Protection Regulation (the "GDPR"), California's Consumer Privacy Act (the "CCPA"), China's PRC Cybersecurity Law and Brazil's General Protection Data Law. Each regulatory regime imposes significant restrictions and requirements relating to the processing of personal data. These and other national and international data protection laws are more burdensome than historical privacy standards. Each regime has established complex legal obligations that organizations must follow with respect to the processing of personal data, including a limitation on the transfer of personal information to third parties or to other countries, and the imposition of additional notification, security and other control measures. Compliance with such regimes, including U.S. and foreign data protection laws and regulations, could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate.

In the United States, numerous federal and state laws and regulations, including state data breach notification laws and state consumer protection laws, which govern the collection, use, disclosure and protection of personal information could apply to our operations. Many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security and data breaches. Laws in all 50 states require businesses to provide notice to clients whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches. Additionally, a new privacy law, the California Privacy Rights Act (the "CPRA"), was approved by California voters in the November 2020 election. The CPRA, which will take effect in most material respects in January 2023, modifies the CCPA significantly, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply.

Foreign data protection laws, including the GDPR, may also apply to other personal information obtained outside of the United States. The GDPR introduced new data protection requirements in the European Union (the "EU"), as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EU and the United States remains uncertain. There is a new transfer mechanism, the EU-US Data Privacy Framework, however this is unstable and may be overturned by the European Commission.

Enforcement actions and decision notices taken by the European Union data protection authorities, in the case of GDPR, by individuals or the California regulatory authorities, in the case of the CCPA, or by other relevant supervisory bodies as well as audits or investigations by one or more individuals, organizations, or foreign government agencies could result in civil or criminal penalties and fines for non-compliance or direct claims against us in the event of any loss or damage as a result of a breach of these regulations. The burden of compliance with additional data protection requirements may result in significant additional costs, complexity and risk in our services. Clients may seek to shift the potential risks resulting from the implementation of data privacy legislation to us. We are required to establish processes and change certain operations in relation to the processing of personal data as a result of these many regulatory regimes, which may involve substantial expense and distraction from other aspects of our business. The rate of change in the privacy and data protection landscape compounds these risks. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, clients are increasingly requiring stringent transfer assessments when data is being transferred to third countries, which may restrict our ability to use certain off-shore jurisdictions.

We are subject to laws and regulations in the U.S. and other countries in which we operate, including export-import restrictions and regulations, economic and trade sanctions, and the Foreign Corrupt Practices Act (the "FCPA") and similar anti-corruption laws. Compliance with these laws requires significant resources and non-compliance may result in civil or criminal penalties and other remedial measures.

We are subject to many laws and regulations that restrict our international operations, including laws that prohibit activities involving restricted countries, organizations, entities and persons that have been identified as unlawful actors or that are subject to U.S. sanctions. The U.S. Office of Foreign Assets Control ("OFAC") and other regulatory bodies that may have jurisdiction over aspects of our operations from time to time have imposed sanctions that prohibit us from engaging in trade or financial transactions with certain countries, businesses, industry sectors, organizations and individuals. We are also subject to the FCPA and anti-bribery and anti-corruption laws in other countries, all of which prohibit companies and their intermediaries from bribing government officials and other business partners for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. We operate in many parts of the world that have experienced government corruption to some degree, and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices, although adherence to local customs and practices is generally not a defense under U.S. and other anti-bribery laws.

Our compliance program contains controls and procedures designed to ensure our compliance with the FCPA, OFAC and other sanctions, and laws and regulations. The continuing implementation and ongoing development and monitoring of our compliance program may be time consuming, expensive, and could result in the discovery of compliance issues or violations by us or our employees, independent contractors, subcontractors or agents of which we were previously unaware.

Any violations of these or other laws, regulations and procedures by our employees or agents, including third parties with whom we associate or companies we acquire, could expose us to administrative, civil or criminal penalties, fines or business restrictions, which could have a material adverse effect on our results of operations and financial condition and would adversely affect our reputation and the market for shares of our common stock and may require certain of our investors to disclose their investment in us under certain state laws.

We may become subject to disputes or legal or other proceedings that could involve significant expenditures by us, which could have a material adverse effect on us, including our financial results.

The nature of our business exposes us to the potential for disputes or legal or other proceedings from time to time relating to product liability, tax matters, personal injury, labor and employment matters, contract disputes, intellectual property, data privacy and data security, and other issues. These disputes, individually or collectively, could affect our business by distracting our management from the operation of our business or impacting our market reputation with our clients. If these disputes develop into proceedings or judgments, these proceedings or judgments, individually or collectively, could involve significant expenditures and any reserves relating thereto may ultimately prove to be inadequate.

Our environmental, social and governance (ESG) commitments and disclosures may expose us to reputational risks and legal liability.

Our brand and reputation are also associated with our public commitments to various ESG initiatives, including our goals relating to sustainability and inclusion and diversity. Our disclosures on these matters and any failure or perceived failure to achieve or accurately report on our commitments, could harm our reputation and adversely affect our client relationships or our recruitment and retention efforts, as well as expose us to potential legal liability. In addition, positions we take or do not take on social issues may be unpopular with some of our employees, our clients or potential clients, governments or advocacy groups, which may impact our ability to attract or retain employees or the demand for our services. We also may choose not to conduct business with potential clients or discontinue or not expand business with existing clients due to these positions.

Increasing focus on ESG matters from regulators, investors and consumers has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate the effects of climate change on the environment, legal and regulatory requirements requiring climate, human rights and supply chain-related disclosures and changing consumer preferences and buying practices. If we fail to comply with new laws, regulations or reporting requirements or keep pace with ESG trends and developments or fail to meet the expectations of our clients and investors, our reputation and business could be adversely impacted. Further, if new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations. In addition, our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders.

In addition, organizations that provide information to investors on ESG performance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions, and thus unfavorable ESG ratings could have a negative impact on our stock price and our access to and costs of capital.

Further, while we have certain ESG initiatives, goals and commitments, including in relation to sustainability and inclusion and diversity, there can be no assurance that investors and other stakeholders will determine that these programs are sufficiently robust. There can be no assurance that we will be able to accomplish any announced goals related to such initiatives, as statements regarding our ESG-related goals reflect our current plans and aspirations and are not guarantees that we will be able to achieve them within the timelines we announce or at all. Our ability to achieve our ESG commitments, including our goals relating to sustainability and inclusion and diversity, is also subject to numerous risks, many of which are outside of our control. Methodologies for reporting ESG data may be updated and previously reported ESG data may be adjusted to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future as well as additional costs and administrative burden that may result from compliance efforts in connection with such evolving standards.

Risks Related to Our Intellectual Property

If we cannot protect our brand through our intellectual property rights, our business may be harmed.

We believe that developing and maintaining our brand is critical to achieving widespread acceptance of our services and solutions and is an important element in attracting new clients and retaining existing clients. We rely on our brand names, trademarks, trade names and service marks to distinguish our services and solutions from the services of our competitors. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, third parties may use brand names or trademarks similar to ours in a manner that may cause confusion or dilute our brand or trademarks, which could decrease the value of our brand. From time to time, third parties may challenge our use of our trademarks. If we do enforce our trademarks and our other intellectual property rights through litigation, we may not be successful and the litigation may result in substantial costs and diversion of resources and management attention. In the event that our trademarks are successfully challenged, we could be forced to rebrand the affected services and solutions, which could result in loss of brand recognition and could have a material adverse impact on our business.

We may not be able to prevent unauthorized use of our or our clients' intellectual property, and our business and competitive position may be damaged as a result.

We rely on a combination of copyright, trademark, patent and unfair competition laws, as well as intellectual property assignment and confidentiality agreements and other methods to protect our intellectual property rights. Protection of intellectual property rights and confidentiality in some countries, including China, India and Brazil, in which we operate may not be as effective as in other countries with more developed intellectual property protections.

We require our employees and independent contractors to assign to us all intellectual property and work product they create in connection with their employment or engagement. These assignment agreements also obligate our people to keep proprietary information confidential. While it is our policy to require our employees and independent contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. If these agreements are not enforceable in any of the jurisdictions in which we operate, we cannot ensure that we will own the intellectual property they create or that our clients' proprietary information will not be disclosed. Reverse engineering, unauthorized copying or other misappropriation of our clients' proprietary technologies, tools and applications could enable unauthorized parties to benefit from our clients' technologies, tools and applications without payment and may make us liable to our clients for damages and compensation, which could harm our business and competitive position.

We may face intellectual property infringement, misappropriations or other violation claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights, our reputation may be damaged, we may lose clients and our business could be materially adversely affected.

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies, solutions and services for our clients without infringing, misappropriating or otherwise violating third parties' intellectual property rights, including patents, copyrights, trade secrets and trademarks. We may be unaware of intellectual property rights relating to our solutions or services that could give rise to potential infringement, misappropriation or violation claims against us or our clients. If those intellectual property rights are potentially relevant to our service offerings, we may need to license those rights in order to continue to use the applicable technology, but the holders of those intellectual property rights may be unwilling to license those rights to us on commercially acceptable terms, if at all.

We typically indemnify clients who purchase our services and solutions against potential infringement of third-party intellectual property rights, which subjects us to the risk and cost of defending the underlying infringement claims. These claims may require us to initiate or defend protracted and costly litigation on behalf of our clients, regardless of the merits of these claims, and our indemnification obligations are often not subject to liability limits or exclusion of consequential, indirect or punitive damages. Intellectual property litigation could also divert our management's attention from our business and existing or potential clients could defer or limit their purchase or use of our software product development services or solutions until we resolve such litigation. If any of these claims succeed, we may be forced to pay damages on behalf of our clients, redesign or cease offering our allegedly infringing tools, services or solutions to that client, or obtain a license for the intellectual property that such services or solutions allegedly infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, the affected client may be forced to stop using our services or solutions.

Any of these actions, regardless of the outcome of litigation or merits of the claim, could damage our reputation and materially adversely affect our business, financial condition and results of operations.

Risks Related to Our Common Stock

Our stock price may be volatile, and the value of our common stock may decline.

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including without limitation:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in our projected operating and financial results;
- announcements by us or our competitors of significant business developments, acquisitions, or new offerings;
- significant data breaches, disruptions to, or other incidents involving our services;

- our involvement in litigation;
- future sales of our common stock by us or our stockholders, including as a result of our contractual and other Company-imposed equity plan lock-up releases, or the perception that such sales may occur;
- illiquidity in our stock;
- changes in senior management or key personnel;
- the trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market; and
- general macroeconomic, geopolitical and market conditions beyond our control.

Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, such as recessions, interest rate changes, or international currency fluctuations, may also negatively impact the market price of our common stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline.

The market price and trading volume of our common stock is heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If securities analysts or industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline.

We do not intend to pay dividends for the foreseeable future and, as a result, the ability of the holders of our common stock to achieve a return on their investment will depend on appreciation in the price of our common stock.

We do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board. Accordingly, holders of our common stock may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

The Apax Funds control us, and their interests may conflict with ours or yours in the future.

The Apax Funds indirectly beneficially own approximately 61.3% as of December 31, 2023, of our common stock. As a result, the Apax Funds are able to control the election and removal of directors on the Board and thereby determine our corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, amendment of our certificate of incorporation or bylaws, and other significant corporate transactions for so long as the Apax Funds and their affiliates retain significant ownership of us. This concentration of our ownership may delay or deter possible changes in control of the Company, which may reduce the value of an investment in our common stock. Even when the Apax Funds cease to own shares of our stock representing a majority of the total voting power, for so long as the Apax Funds continue to own a significant portion of our stock, the Apax Funds will still be able to significantly influence the composition of our Board and the approval of actions requiring shareholder approval. Accordingly, for such period of time, the Apax Funds will have significant influence with respect to our

management, business plans and policies, including the appointment and removal of our officers, decisions on whether to raise future capital, and amending our charter and bylaws, which govern the rights attached to our common stock. In particular, for so long as the Apax Funds continue to beneficially own a significant percentage of our stock, the Apax Funds could cause or prevent a change of control of the Company or a change in the composition of our Board and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of us and ultimately might affect the market price of our common stock.

On September 17, 2021, we entered into a director nomination agreement (the "Director Nomination Agreement") with the Apax Funds through their control of Turing EquityCo. II L.P. that provides the Apax Funds the right, but not the obligation, to nominate a number of individuals designated for election as our Board at any meeting of our stockholders (the "Apax Directors"), such that, upon the election of each such individual, and each other individual nominated by or at the direction of our Board or a duly-authorized committee of the board, as a director of our company, the number of Apax Directors serving as directors of our company will be equal to: (i) if the Apax Funds and their affiliates together continue to beneficially own at least 50% of the total voting power of the outstanding shares of our common stock, the lowest whole number that is greater than 50% of the total number of directors comprising our Board; (ii) if the Apax Funds and their affiliates together continue to beneficially own at least 40% (but less than 50%) of the total voting power of the outstanding shares of our common stock, the lowest whole number that is at least 40% of the total number of directors comprising our Board; (iii) if the Apax Funds and their affiliates together continue to beneficially own at least 30% (but less than 40%) of the total voting power of the outstanding shares of our common stock, the lowest whole number that is at least 30% of the total number of directors comprising our Board; (iv) if the Apax Funds and their affiliates together continue to beneficially own at least 20% (but less than 30%) of the total voting power of the outstanding shares of our common stock, the lowest whole number that is at least 20% of the total number of directors comprising our Board; and (v) if the Apax Funds and their affiliates together continue to beneficially own at least 10% (but less than 20%) of the total voting power of the outstanding shares of our common stock, the lowest whole number that is at least 10% of the total number of directors comprising our Board. The Apax Funds may also assign such rights to their affiliates. The Director Nomination Agreement also provides for certain consent rights for the Apax Funds so long as they own at least 50% of the total voting power of the outstanding shares of our common stock. Additionally, the Director Nomination Agreement also prohibits us from increasing or decreasing the size of our Board without the prior written consent of the Apax Funds for so long as the Apax Funds hold at least 40% of the total voting power of the outstanding shares of our common stock.

Apax Partners, the Apax Funds and their affiliates engage in a broad spectrum of activities, including investments in the software industry and technology industry generally. In the ordinary course of their business activities, Apax Partners, the Apax Funds and their affiliates may engage in activities where their interests conflict with our interests or those of our other shareholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business or are suppliers or clients of ours. Our certificate of incorporation provides that none of Apax Partners, the Apax Funds, any of their affiliates, or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Apax Partners and the Apax Funds also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Apax Partners and the Apax Funds may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to you.

We are a "controlled company" within the meaning of Nasdaq rules and, as a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

The Apax Funds continue to indirectly control a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board consist of independent directors;

- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

In the future, we may not have a majority of independent directors on our Board, our Compensation and Talent Committee and our Nominating and Governance Committee may not consist entirely of independent directors, and our Compensation and Talent and Nominating and Governance Committees may not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of other companies listed on Nasdaq.

As a result of being a public company, we are obligated to maintain proper and effective internal control over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Our compliance with Section 404 requires that we incur substantial expenses and expend significant management efforts.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management, even if beneficial to our shareholders.

In addition to the Apax Funds' beneficial ownership of 61.3% as of December 31, 2023, of our common stock, our certificate of incorporation and bylaws and the Delaware General Corporation Law (the "DGCL") contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Among other things:

- these provisions allow us to authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without shareholder approval, and which may include supermajority voting, special approval, dividend or other rights or preferences superior to the rights of shareholders;
- these provisions provide for a classified Board with staggered three-year terms;
- these provisions provide that, at any time when the Apax Funds beneficially own, in the aggregate, less than 50% in voting power of our stock entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66^{2/3}% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class;
- these provisions prohibit shareholder action by written consent from and after the date on which the Apax Funds beneficially own, in the aggregate, less than 50% in voting power of our stock entitled to vote generally in the election of directors;

- these provisions provide that, for as long as the Apax Funds beneficially own, in the aggregate, at least 50% in voting power of our stock entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws by our shareholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock and at any time when the Apax Funds beneficially own, in the aggregate, less than 50% in voting power of all outstanding shares of our stock entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws by our shareholders will require the affirmative vote of the holders of at least 66^{2/3}% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class; and
- these provisions establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by shareholders at shareholder meetings.

Our certificate of incorporation contains a provision that provides us with protections similar to Section 203 of the DGCL and will prevent us from engaging in a business combination with a person (excluding the Apax Funds and any of their direct or indirect transferees and any group as to which such persons are a party) who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or shareholder approval is obtained prior to the acquisition. These provisions could discourage, delay or prevent a transaction involving a change in control of us. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and cause us to take other corporate actions you desire, including actions that you may deem advantageous, or negatively affect the trading price of our common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our shareholders to replace current members of our management team.

These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for shareholders or potential acquirers to obtain control of our Board or initiate actions that are opposed by our then-current Board, including delay or impede a merger, tender offer or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our shareholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws, or (iv) any other action asserting a claim against us that is governed by the internal affairs doctrine; provided that, for the avoidance of doubt, the forum selection provision that identifies the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation, including any "derivative action," will not apply to suits to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the U.S. shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such a provision. Our certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above; however, our shareholders will not be deemed to have waived (and cannot waive) compliance with the federal securities laws and the rules and regulations thereunder. The forum selection clause in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect that any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other

jurisdictions, which could have an adverse effect on our business, financial condition and results of operations and result in a diversion of the time and resources of our employees, management and Board.

A significant portion of our total outstanding shares may be sold into the market. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. In addition, pursuant to a Registration Rights Agreement, certain holders of shares of our common stock, including the Apax Funds, have the right, in certain circumstances, to require us to register shares of our common stock under the Securities Act for sale into the public markets. Upon the effectiveness of such a registration statement, all shares covered by the registration statement will be freely transferable under the Securities Act.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize that risk management is an integral part of achieving our organizational goals, enhancing stockholder value and increasing the likelihood of long-term corporate success. Our processes for assessing, identifying and managing material risks from cybersecurity threats have been integrated into our overall Enterprise Risk Management ("ERM") program. We maintain a strong cybersecurity program to protect not only our business, but also our clients, vendors and employees. We have a dedicated Information Security function ("Infosec") that oversees the company's cyber risk management and strategy.

As a result of our global business, we must comply with domestic and international laws and regulations. Our privacy and cybersecurity policies encompass incident response procedures, information security and vendor management. In order to help develop these policies and procedures, we monitor the privacy and cybersecurity laws, regulations and guidance applicable to us in the regions where we do business. In order to comply with the variety of domestic and international legal requirements, Infosec aligns the company's program with common industry frameworks (such as the National Institute of Standards and Technology (NIST), the International Organization for Standardization (ISO), Cyber Essentials +, and the Trusted Information Security Assessment Exchange (TISAX)).

To assess and manage risk, we have a formal risk assessment methodology. Risk assessments of our key risk categories are conducted on a continuous basis. We perform regular internal audits and we use a third party vendor if we need an external audit. Infosec reviews these assessments and takes action as required to meet compliance requirements. The assessments, along with any mitigation efforts or remediation, are incorporated into our broader risk management process. Between the risk owner, the Infosec team and, in the case of the most severe risks, the Technology Risk Steering Subcommittee (described below), mitigations are decided, and remediation assigned to appropriate teams to implement which is, as needed, overseen by the ERM Steering Committee (described below).

On an on-going basis, our information technology systems are monitored for anomalies, vulnerabilities and misconfigurations. Furthermore, all employees are required to take an annual security awareness training, with additional role-specific training for employees involved in security and risk management. With respect to third party service providers, we obligate our vendors to adhere to privacy and cybersecurity measures, and we perform vendor assessments, including their ability to protect data from unauthorized access.

In order to drive continuous improvement, we have implemented an internal security and data protection maturity assessment for our client delivery teams. In addition, we commission an independent external assessment of our cybersecurity maturity annually. The results of these assessments are shared with the Board, key senior leadership, and the Infosec leadership team to develop and inform our strategy for the coming year.

As described in Item 1A "Risk Factors," our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Computer viruses, hackers, employee or vendor misconduct, and other external hazards could expose our information systems and those of our vendors to security breaches, cybersecurity incidents or other disruptions, any of which could materially and adversely affect our business. While we have experienced cybersecurity events, to date, we are not aware that we have experienced a material cybersecurity incident.

The sophistication of cybersecurity threats, including through the use of artificial intelligence, continues to increase, and the controls and preventative actions we take to reduce the risk of cybersecurity incidents and protect our systems, including the regular testing of our cybersecurity incident response plan, may be insufficient. In addition, new technology that could result in greater operational efficiency may further expose our computer systems to the risk of cybersecurity incidents.

Governance

Thoughtworks has a multilayer approach to governance of its cybersecurity program. Our Board of Directors encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic, operational, financial and legal risks at regular management meetings and raises strategic issues and points of concern with the Board of Directors, or its standing subcommittees, through regularly scheduled or, if necessary, special meetings, as needed. Our Audit Committee, comprised of independent directors from our Board, oversees the Board's responsibilities relating to the operational risk affairs of the Company, including information technology risks, business continuity and data security. Our Audit Committee is informed of such risks through an annual board meeting.

Nitin Raina has been our Chief Information Security Officer ("CISO") since 2022. Prior to that, Mr. Raina was Vice President of Cyber and Information Security between 2020 and 2022. From 2015 to 2022, he was Global Director of Information Security. Mr. Raina has over 25 years of work experience in information technology and cybersecurity. Mr. Raina earned a Bachelor of Engineering, Electronic and Telecommunications from the COEP Technology University in Pune, India and a Post Graduate Diploma in Information Technology from the Symbiosis Centre for Distance Learning. Mr. Raina also holds the Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM) industry certifications and Board Qualified Technology Executive (QTE).

We also have management level committees, along with Infosec, who support our processes to assess and manage cybersecurity risk as follows:

- The ERM Steering Committee, composed of members from senior leadership, including our CISO, regularly assesses and prioritizes enterprise risks and oversees appropriate mitigation plans.
- The Technology Risk Steering Subcommittee, composed of members of senior leadership, which includes our Chief Talent and Operating Officer, Chief Information Officer, General Counsel and Chief Compliance Officer, Chief Technology Officer, and Chief Information Security Officer, discusses technology risks, cyber risks, data protection risks and opportunities to enable safe, effective, and efficient execution of business objectives.

The CISO, in coordination with management level committees, along with Infosec, works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any material cybersecurity incidents in accordance with the Company's incident response and recovery plans. To facilitate the success of the Company's cybersecurity program, cross-functional teams throughout the Company address cybersecurity threats and respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO and senior management are informed about and monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time.

At least once a year, the Board of Directors receives an update on the risk management process and enterprise risks, including those related to cybersecurity and data privacy. If there are any significant or critical cybersecurity threats or incidents, management will provide special reports to either the Audit Committee or the Board of Directors, depending on the severity of the threat or incident.

Please see our 2023 Proxy Statement filed April 14, 2023 for more information regarding our ERM program.

Item 2. Properties

Our corporate headquarters are leased and located at 200 E. Randolph Street, in Chicago, Illinois. We also lease additional office space domestically in Chicago, Illinois; New York, New York; and San Francisco, California. In addition, we lease office space in various international locations, including offices in Australia, Brazil, Canada, Chile, China, Ecuador, Finland, Germany, India, Italy, Netherlands, Romania, Singapore, Spain, Switzerland, Thailand, the United Kingdom and Vietnam.

We may procure additional space as we add employees and expand geographically. We believe that our facilities are adequate to meet our needs for the immediate future and that suitable additional space will be available to accommodate any expansion of our operations as needed.

Item 3. Legal Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations and businesses that cover a wide range of matters, including, among others, intellectual property, data privacy and cybersecurity, contract and employment, personal injury, product liability and warranty. Currently, there are no claims or proceedings against us that we believe will have a material adverse effect on our business, financial condition, results of operations or cash flows. However, the results of any current or future litigation cannot be predicted with certainty and, regardless of the outcome, we may incur significant costs and experience a diversion of management resources as a result of litigation.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information for Common Stock

Our common stock began trading on the Nasdaq Global Select Market under the symbol "TWKS" on September 15, 2021. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of February 22, 2024, there were 16 holders of record of our common stock. Because many of our shares of common stock are held in street name by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these holders of record.

Dividend Policy

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business and to repay indebtedness and, therefore, we do not anticipate paying any cash dividends in the foreseeable future. Additionally, our ability to pay dividends on our common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including as a result of the restrictions in our credit agreement. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with covenants in current and future agreements governing our and our subsidiaries' indebtedness and requirements under Delaware law, and will depend on our results of operations, financial condition, capital requirements and other factors that our Board may deem relevant.

Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we received from our subsidiaries.

Under Delaware law, dividends may be payable only out of surplus, which is calculated as our net assets less our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

See "Risk Factors—Risks Related to Our Common Stock—We do not intend to pay dividends for the foreseeable future and, as a result, the ability of the holders of our common stock to achieve a return on their investment will depend on appreciation in the price of our common stock."

Securities Authorized for Issuance under Equity Compensation Plans

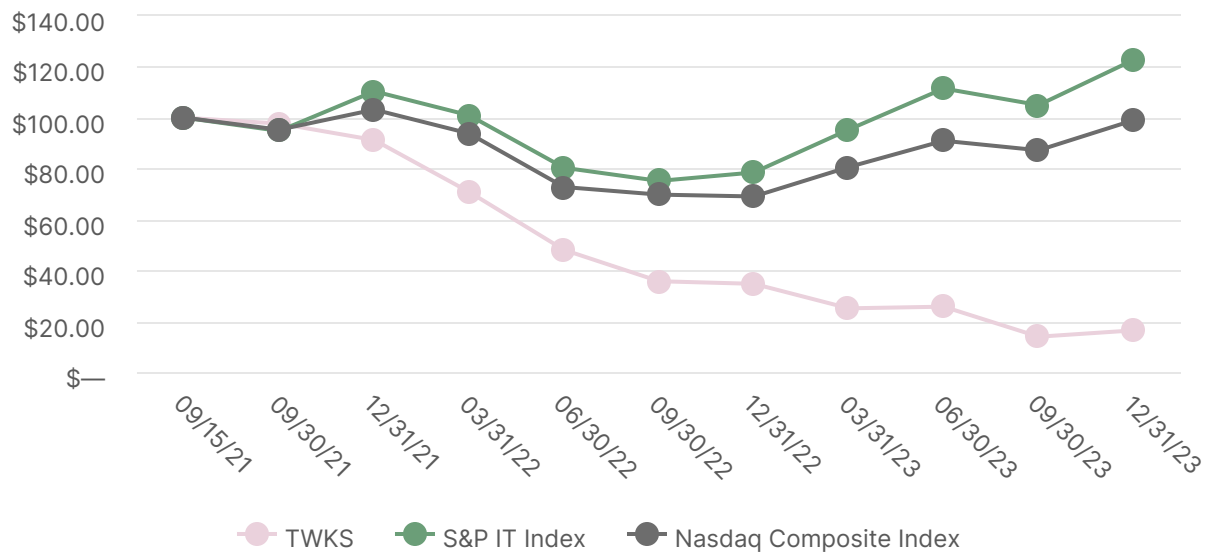
The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

Stock Performance Graph

The performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act.

The following graph and related information shows a comparison of the change in the cumulative total return of our common stock, the Nasdaq Composite Index and the S&P 500 Information Technology Index, between September 15, 2021 (the date our common stock commenced trading on Nasdaq) and December 31, 2023. All values assume an initial investment of \$100 and reinvestment of any dividends. The comparisons are based

on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the year ended December 31, 2023.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. 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 our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the sections titled "Risk Factors" and "Forward-Looking Statements and Risk Factor Summary" herein for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

A discussion of our financial condition and results of operations for the fiscal year ended December 31, 2023 compared to the fiscal year ended December 31, 2022 is presented below. A discussion of our financial condition and results of operations for the fiscal year ended December 31, 2022 compared to the fiscal year ended December 31, 2021 is included under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the "SEC") on February 28, 2023.

Overview

We are a global technology consultancy that integrates strategy, design and engineering to drive digital innovation. We are 10,848 Thoughtworkers strong across 48 offices in 19 countries. Over the last 30 years, we have delivered extraordinary impact together with our clients by helping them solve complex business problems with technology as the differentiator.

Our revenues are generated from providing professional services based on the mix and locations of delivery professionals involved, the pricing structure, which is predominantly time-and-materials, and the type of services, including: enterprise modernization, platforms & cloud; customer experience, product & design; data & artificial intelligence; DAMO managed services; and digital transformation & operations.

In February 2023, we completed the acquisition of ITOC Pty Ltd ("Itoc"), a leading Amazon Web Services Advanced Consulting Partner and Cloud Managed Services Provider in Australia. The acquisition expands our capabilities to help modernize and place digital at the center of client operations as they transition to the cloud. Refer to Note 3, *Acquisitions*, in the notes to our consolidated financial statements for further detail.

Key Operational and Business Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions (in thousands, except percentages):

	Year Ended December 31,		
	2023	2022	2021
Revenues	\$ 1,126,816	\$ 1,296,238	\$ 1,069,945
Revenue Growth Rate as reported (1)	(13.1)%	21.1 %	33.2 %
Revenue Growth Rate at constant currency (1)	(12.6)%	26.8 %	29.3 %
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Net loss margin	(6.1)%	(8.1)%	(0.1)%
Adjusted Net Income (2)	\$ 37,286	\$ 139,911	\$ 125,400
Adjusted EBITDA (3)	\$ 111,735	\$ 256,793	\$ 223,247
Adjusted EBITDA Margin (3)	9.9 %	19.8 %	20.9 %

- (1) Certain of our subsidiaries use functional currencies other than the U.S. dollar and the translation of these foreign currency amounts into the U.S. dollar can impact the comparability of our revenues between periods. Accordingly, we use Revenue Growth Rate at constant currency as an important indicator of our underlying performance. Revenue Growth Rate at constant currency is a Non-GAAP measure and is calculated by applying the average exchange rates in effect during the earlier comparative fiscal period to the later fiscal period.
- (2) We use Adjusted Net Income as an important indicator of our performance. See “—Non-GAAP Financial Measures” below for a definition of and reconciliation of Adjusted Net Income to net loss, the most directly comparable GAAP measure, how we use this measure and an explanation of why we consider this non-GAAP measure to be helpful for investors.
- (3) We also use Adjusted EBITDA and Adjusted EBITDA Margin as important indicators of our performance. See “—Non-GAAP Financial Measures” below for a definition of and a reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure, how we use Adjusted EBITDA and Adjusted EBITDA Margin and an explanation of why we consider these non-GAAP measures to be helpful for investors.

Revenue Growth Rate and Revenue Growth Rate at constant currency

For the year ended December 31, 2023, revenues decreased 13.1% over the prior year. The decrease in revenue was due to a more cautionary macroeconomic environment compared to the prior year, particularly in the IT services market, combined with incremental project start ups, shorter contract terms, client budget caution and lower headcount, which caused lower revenues for the year ended December 31, 2023. Further, a larger percentage of our work was performed offshore which has lower bill rates than onshore work. Acquisitions completed in the last twelve months contributed approximately 2% to revenue growth for the year ended December 31, 2023. Had our consolidated revenues been expressed in constant currency terms using the exchange rates in effect for the year ended December 31, 2022, we would have reported a decrease in revenues of 12.6% in 2023. The negative impact to revenues from foreign currencies was due to the appreciation of the U.S. dollar relative to certain principal functional currencies of our subsidiaries.

For more detail regarding our exposure to foreign currency rate fluctuations, see Note 2, *Revenue Recognition*, to our consolidated financial statements and “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.”

Net Loss, Net Loss Margin and Adjusted Net Income

For the year ended December 31, 2023, the \$36.7 million decrease in net loss and 2.0 percentage point decrease in net loss margin as compared to the year ended December 31, 2022 were primarily driven by decreased stock-based compensation expense of \$184.9 million, which includes a decrease of \$146.7 million of expense mainly related to IPO grants that are fully vested as of December 31, 2023 and \$46.7 million related to the approval of China SAFE during the first quarter of 2022, partially offset by an increase of \$8.5 million of expense primarily related to the annual grant; a decrease in payroll expense (excluding stock-based compensation) of \$26.3 million; partially offset by a \$169.4 million decrease in revenue, as discussed above. For more information, see “—Results of Operations.” We consider net loss margin as the most directly comparable GAAP measure to Adjusted EBITDA Margin.

For the year ended December 31, 2023, the decrease in Adjusted Net Income as compared to 2022 of \$102.6 million, or (73.4)%, was primarily due to a decrease in revenue of \$169.4 million, as discussed above, partially offset by a decrease in payroll expense (excluding stock-based compensation and employer payroll related expense on employee equity incentive plan) of \$21.2 million and a \$46.8 million decrease in income tax expense. Adjusted Net Income excludes the impact of restructuring charges.

Adjusted EBITDA and Adjusted EBITDA Margin

For the year ended December 31, 2023, the \$145.1 million, or (56.5)%, decrease in Adjusted EBITDA compared to 2022 was primarily due to the factors driving a decrease in revenue, as discussed above. For the year ended December 31, 2023, the 990 basis point decrease in Adjusted EBITDA Margin was driven by a

decrease in revenue, as noted above, partially offset by a \$21.2 million decrease in payroll expense (excluding stock-based compensation and employer payroll related expense on employee equity incentive plan).

Components of Our Operating Results

We operate and manage our business as one reportable segment. While the Company has offerings in multiple market segments and operates in multiple countries, the Company's business operates as one operating segment. Almost all of the Company's service offerings are delivered and supported on a global basis. Additionally, most of the Company's service offerings are deployed in a nearly identical way and the Company's chief operating decision maker, who is the Company's Chief Executive Officer, evaluates the Company's financial information and resources and assesses the performance of these resources on a consolidated basis.

Revenues

Time-and-Materials Revenues. We generate the majority of our revenues under time-and-materials contracts, which are billed using hourly, daily, or monthly rates to determine the amounts to be charged directly to the customer. Revenue from time-and-materials contracts is based on the number of hours worked and at contractually agreed-upon hourly rates and is recognized as those services are rendered as control of the services passes to the customer over time.

Fixed-Price Revenues. Fixed-price contracts include application development arrangements, and with certain contracts, progress towards satisfaction of the performance obligation is measured using input methods as there is a direct correlation between hours incurred and the end deliverable to the customer. With other contracts, progress towards the satisfaction of the performance obligation is measured using input methods with a direct correlation to resources consumed and the services provided to the customer. Assumptions, risks, and uncertainties inherent in the estimates used to measure progress could affect the amount of revenues, receivables, and deferred revenues at each reporting period. Revenues under these contracts are recognized using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying performance obligations or based on resources utilized at contractually agreed-upon fixed rates.

For a detailed discussion of our revenue recognition policy, refer to Note 1, *Business and Summary of Significant Accounting Policies*, and Note 2, *Revenue Recognition*.

Cost of Revenues

Cost of revenues consists primarily of personnel and related costs directly associated with professional services, including salaries, bonuses, fringe benefits, stock-based compensation, project related travel costs, and costs of contracted third-party vendors. Also included in cost of revenues is depreciation attributable to the portion of our property and equipment utilized in the delivery of services to our clients.

Gross Profit and Gross Margin

Gross profit represents revenues less cost of revenues. Gross margin represents gross profit as a percentage of revenues.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses represent expenses associated with promoting and selling our services and general and administrative functions of our business. These expenses include the costs of salaries, bonuses, fringe benefits, stock-based compensation, severance, bad debt, travel, legal and accounting services, insurance, facilities (including operating leases), advertising and other promotional activities.

Depreciation and Amortization

Depreciation and amortization consist primarily of depreciation of fixed assets, amortization of capitalized software development costs (internal-use software) and amortization of acquisition-related intangible assets.

Restructuring

Restructuring consists of wage-related expenses, such as employee severance and related benefits, and non-wage related expenses, including costs related to reducing leased office space, vendor contract cancellations and professional fees.

Other (Expense) Income

Other (expense) income consists of interest expense, impacts from foreign exchange transactions, gains (losses) on the sale of assets, gains related to the sale and settlement of trade receivables, change in fair value of contingent consideration and the write-off of deferred financing fees.

Income Tax Expense

Determining the consolidated income tax expense, deferred income tax assets and liabilities and any potential related valuation allowances involves judgment. We consider factors that may contribute, favorably or unfavorably, to the overall annual effective tax rate in the current year as well as the future. These factors include statutory tax rates and tax law changes in the countries where we operate as well as consideration of any significant or unusual items. Our income tax expense includes the impact of provisions established for uncertain income tax positions, as well as any related interest and penalties. These reserves are adjusted given changing facts and circumstances, such as the closing of a tax audit, statute of limitation lapse or the refinement of an estimate. To the extent the final outcome of an uncertain income tax position differs from the amounts recorded, such differences will impact our income tax expense in the period in which such determination is made.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated (in thousands, except percentages):

	Year Ended December 31,		
	2023	2022	2021
Revenues	\$ 1,126,816	\$ 1,296,238	\$ 1,069,945
Operating expenses:			
Cost of revenues (1)	772,800	950,305	669,681
Selling, general and administrative expenses (1)	331,830	372,761	333,904
Depreciation and amortization	23,554	20,484	17,599
Restructuring (1)	18,944	—	—
(Loss) income from operations	(20,312)	(47,312)	48,761
Other (expense) income:			
Interest expense	(26,238)	(22,461)	(25,456)
Net realized and unrealized foreign currency gain (loss)	3,875	(5,405)	(5,469)
Other (expense) income, net	(455)	610	(1,671)
Total other expense	(22,818)	(27,256)	(32,596)
(Loss) income before income taxes	(43,130)	(74,568)	16,165
Income tax expense	25,531	30,825	16,740
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Effective tax rate	(59.2)%	(41.3)%	103.6 %

(1) Includes stock-based compensation as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenues	\$ 38,981	\$ 176,046	\$ 60,678
Selling, general and administrative expenses	25,848	73,869	67,624
Restructuring	197	—	—
Total stock-based compensation expense	<u>\$ 65,026</u>	<u>\$ 249,915</u>	<u>\$ 128,302</u>

Summary Comparison of the Year Ended December 31, 2023 with the Year Ended December 31, 2022

Revenues

We have a global footprint with the ability to deliver services from multiple geographic regions. While we continue to derive a substantial part of our overall revenues from existing clients, we maintain relatively low client concentration among our largest clients. We remain focused on acquiring new clients through programs designed to generate new business demand and position us as a trusted partner, and we have dedicated new business teams working with marketing using data-driven approaches to focus on client acquisition efforts.

The following table presents our number of clients, number of clients generating greater than \$10 million in revenues and net dollar retention rate:

	Year Ended December 31,	
	2023	2022
Number of clients (1)	502	416
Number of clients generating greater than \$10 million in revenues	31	35
Net dollar retention rate (2)	87%	109%

(1) We define clients as those with spend in excess of \$25,000 within the preceding twelve months.

(2) We utilize the net dollar retention rate to measure revenue growth from our clients. Net dollar retention rate provides visibility into the risks associated with our revenues and expected growth, and it measures our ability to continually offer and deliver innovative services to our clients. We use this metric to appropriately manage resources and client retention and growth, such as account management and capability development of our account leadership teams. The net dollar retention rate is calculated by dividing (a) the current period revenue from existing clients by (b) the prior comparative period revenue from existing clients. The decrease was due to the revenue drivers as discussed above.

The following table presents the percentage of revenues from new and existing clients:

	Year Ended December 31,	
	2023	2022
Existing clients (1)	93.2%	87.2%
New clients	6.8%	12.8%

(1) For the years ended December 31, 2023 and 2022, we define existing clients as clients for whom we have done work and generated revenues in excess of \$25,000 within the preceding fiscal year.

During the three months and year ended December 31, 2023, we contracted with 46 and 156, respectively, new logos with a higher concentration within the energy, public and health services industry vertical for both periods.

Revenues by Industry Vertical

The following table presents our revenues by industry vertical and revenues as a percentage of total revenues by industry vertical for the periods indicated (in thousands, except percentages):

	Year Ended December 31,			
	2023		2022	
Energy, public and health services	\$294,029	26.1%	\$316,478	24.4%
Technology and business services	279,264	24.8%	360,117	27.8%
Financial services and insurance	197,407	17.5%	221,748	17.1%
Automotive, travel and transportation	179,268	15.9%	161,164	12.4%
Retail and consumer	176,848	15.7%	236,731	18.3%
Total revenues	<u>\$1,126,816</u>	<u>100.0%</u>	<u>\$1,296,238</u>	<u>100.0%</u>

During the year ended December 31, 2023, we saw a decrease in revenue in the retail and consumer, technology and business services, financial services and insurance and energy, public and health services industry verticals of (25.3)%, (22.5)%, (11.0)% and (7.1)%, respectively, compared to the year ended December 31, 2022. The decreases in these verticals were driven by incremental project start ups, shorter contract terms and client budget caution as discussed above.

During the year ended December 31, 2023, the automotive, travel and transportation industry vertical grew by 11.2% compared to the year ended December 31, 2022 driven by client engagements for enterprise modernization, platforms and cloud and customer experience, product and design.

Revenues by Customer Location

Our revenues are sourced from four geographic markets: North America, APAC, Europe and LATAM. We present and discuss our revenues by the geographic location where the revenues are under client contract; however, the delivery of those client contracts could be supported by offshore delivery locations.

As of December 31, 2023, 9 out of our top 10 clients by revenue relied on Thoughtworks' delivery from more than one region. We utilize a blended delivery model, which means we are able to offer a combination of local talent with nearshore/offshore talent, allowing us to maintain close proximity to our clients for context and local market knowledge, while driving rapid and high-quality delivery at scale.

The following table presents our revenues by customer location and revenues as a percentage of total revenues by customer location for the periods indicated (in thousands, except percentages):

	Year Ended December 31,			
	2023		2022	
North America	\$417,571	37.1%	\$503,948	38.9%
APAC	387,061	34.3%	419,982	32.4%
Europe	280,390	24.9%	315,875	24.4%
LATAM	41,794	3.7%	56,433	4.3%
Total revenues	<u>\$1,126,816</u>	<u>100.0%</u>	<u>\$1,296,238</u>	<u>100.0%</u>

For the year ended December 31, 2023, we had a decrease in revenue of (17.1)% in North America, with the United States contributing \$402.6 million of our North America revenues, compared to \$474.3 million for the same period in 2022. The largest revenue concentration came from the energy, public and health services and technology and business services industry verticals.

For the year ended December 31, 2023, we had a decrease in revenue of (7.8)% in APAC where the top revenue contributing customer location country was Australia with revenues of \$116.4 million compared to \$148.3 million for the same period in 2022. The largest revenue concentration came from the financial services and insurance industry vertical.

For the year ended December 31, 2023, we had a decrease in revenue of (11.2)% in Europe where the top revenue contributing customer location country was Germany with revenues of \$125.3 million compared to \$123.4 million for the same period in 2022. The largest revenue concentration came from the automotive, travel and transportation industry vertical.

For the year ended December 31, 2023, we had a decrease in revenue of (25.9)% in LATAM, with Brazil being our largest customer location. The largest revenue concentration came from the financial services and insurance and retail and consumer industry verticals.

Revenues by Client Concentration

We have long-standing relationships with many of our clients. We seek to grow revenues from our existing clients by continually increasing the value we provide and expanding the scope and size of our engagements. Revenues derived from these clients may fluctuate as these accounts mature or upon beginning or completing multi-year projects. We believe there is significant potential for future growth as we expand our capabilities and offerings within existing clients. In addition, we remain committed to diversifying our client base and adding new clients to our client mix.

The following table presents revenues contributed by our largest clients by amount and as a percentage of total revenues for the periods indicated (in thousands, except percentages):

	Year Ended December 31,			
	2023		2022	
Top five clients	\$201,760	17.9%	\$199,837	15.4%
Top ten clients	\$310,915	27.6%	\$320,580	24.7%
Top fifty clients	\$736,241	65.3%	\$830,614	64.1%

People Metrics

Number of employees		Average revenue per employee (1)		Voluntary Attrition	
		Year Ended		Year Ended	
As of	As of	December 31,	December 31,	December 31,	December 31,
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
10,848	12,671	\$98,000	\$108,000	12.0%	12.0%

(1) We define average revenue per employee as total revenues for the period divided by the average number of employees in such period.

The decrease in average revenue per employee compared to the year ended December 31, 2022 was driven by the negative impact to revenues from client budget caution and onshore/offshore mix. We believe our flat voluntary attrition reflects our ability to retain our employees due to our unique, cultivating culture, our focus on career development, our intensive training programs and our interesting work opportunities.

Bookings

We use Bookings ("Bookings") as a forward-looking metric that measures the value of new contracts, renewals, extensions and changes to existing contracts during the fiscal period. We believe Bookings provides a broad measure of useful trend information regarding changes in the volume of our business. We use Bookings to evaluate the results of our operations, generate future operating plans and assess the performance of our company. However, Bookings can vary significantly quarter to quarter due to both timing and demand from our clients and thus the conversion of Bookings to revenues is uncertain. The amount of Bookings involves estimates and judgments and is not a reliable predictor of revenues over time. There is no standard definition or measurement of Bookings thus our methodology may not be comparable to other companies. Bookings were \$1.2 billion and \$1.4 billion for the years ended December 31, 2023 and 2022, respectively. The 14.3% decrease is primarily a result of reduced client budgets reflecting caution around the

macroeconomic environment and smaller contract sizes which reflect a shift to offshore services, where bill rates are lower compared to onshore work, and, in certain cases, discounts or pricing adjustments.

Cost of Revenues

(in thousands, except percentages)	Year Ended December 31,		Change	% Change
	2023	2022		
Cost of revenues	\$772,800	\$950,305	\$(177,505)	(18.7)%

For the year ended December 31, 2023, cost of revenues (including stock-based compensation) decreased (18.7)% compared to 2022. This decrease was primarily driven by a decrease in stock-based compensation expense of \$137.1 million and a decrease in payroll expense (excluding stock-based compensation) of \$29.8 million resulting from a lower headcount.

Gross Profit and Gross Margin

(in thousands, except percentages)	Year Ended December 31,		Change	% Change
	2023	2022		
Gross profit	\$354,016	\$345,933	\$8,083	2.3%
Gross margin	31.4%	26.7%		

Our gross margin increased by 4.7 percentage points for the year ended December 31, 2023 compared to 2022 primarily due to a decrease in stock-based compensation expense, partially offset by an increase in payroll expense (excluding stock-based compensation), as a percentage of revenues.

SG&A Expenses and SG&A Margin

(in thousands, except percentages)	Year Ended December 31,		Change	% Change
	2023	2022		
SG&A expenses	\$331,830	\$372,761	\$(40,931)	(11.0)%
SG&A margin	29.4%	28.8%		

For the year ended December 31, 2023, SG&A expenses decreased (11.0)% compared to 2022. The decrease was driven by a decrease in stock-based compensation expense of \$48.0 million, partially offset by an increase in payroll expense (excluding stock-based compensation) of \$3.5 million. The increase in SG&A margin for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily driven by increased payroll expense (excluding stock-based compensation), offset by decreased stock-based compensation expense, as a percentage of revenues.

Depreciation and Amortization

(in thousands, except percentages)	Year Ended December 31,		Change	% Change
	2023	2022		
Depreciation and amortization	\$23,554	\$20,484	\$3,070	15.0%

The increase for the year ended December 31, 2023 as compared to 2022 was primarily due to a \$1.4 million increase in intangible amortization related to acquisitions and a \$1.1 million increase in amortization expense related to capitalized software development costs.

Restructuring

	Year Ended December 31,			
	2023	2022	Change	% Change
(in thousands, except percentages)				
Restructuring	\$18,944	\$—	\$18,944	NM

NM - not meaningful

Restructuring includes wage-related expenses of \$17.2 million, such as employee severance and related benefits, of which \$7.5 million relates to operations and \$9.7 million relates to professional services, and non-wage related expenses of \$1.7 million, including costs related to reducing leased office space, vendor contract cancellations and professional fees, of which \$1.6 million relates to operations and \$0.1 million relates to professional services. By the end of 2023, we achieved \$81 million of the annualized savings, positioning us well to continue to drive savings in 2024. For additional information, see Note 14, *Restructuring Actions*, in the notes to our consolidated financial statements.

Loss from Operations and Loss from Operations Margin

	Year Ended December 31,			
(in thousands, except percentages)	2023	2022	Change	% Change
Loss from operations	\$(20,312)	\$(47,312)	\$27,000	(57.1)%
Loss from operations margin	(1.8)%	(3.6)%		

The decrease in loss from operations for the year ended December 31, 2023 as compared to 2022 was primarily driven by a decrease in stock-based compensation expense of \$184.9 million, as previously discussed, and a decrease in payroll expense (excluding stock-based compensation) of \$26.3 million; partially offset by a decrease in revenues of \$169.4 million and restructuring costs of \$18.9 million. The decrease in loss from operations margin was driven by decreased stock-based compensation expense, partially offset by payroll expense (excluding stock-based compensation), as a percentage of revenues.

Interest Expense

	Year Ended December 31,			
(in thousands, except percentages)	2023	2022	Change	% Change
Interest expense	\$26,238	\$22,461	\$3,777	16.8%

Interest expense is primarily related to our Term Loan and Revolver. The increase for the year ended December 31, 2023 as compared to 2022 was primarily due to the increased interest rate on our borrowings, partially offset by decreased borrowings due to prepayments under our Credit Agreement.

Other Expense (Income), Net

	Year Ended December 31,			
(in thousands, except percentages)	2023	2022	Change	% Change
Other expense (income), net	\$455	\$(610)	\$1,065	(174.6)%

The change in other expense (income), net for the year ended December 31, 2023 as compared to 2022 is primarily driven by the \$2.3 million gain recognized in 2022 on the sale and settlement of trade receivables compared to the \$0.3 million gain included in 2023 related to the mark to market adjustment on shares

received in relation to the aforementioned sale and settlement of trade receivables in 2022. The \$2.0 million decrease in the gain noted above was partially offset by a \$0.9 million decrease in the change of the fair value of contingent consideration compared to 2022.

(in thousands, except percentages)	Year Ended December 31,		Change	% Change
	2023	2022		
Income tax expense	\$25,531	\$30,825	\$(5,294)	(17.2)%
Effective tax rate	(59.2)%	(41.3)%		

The decrease in income tax expense for the year ended December 31, 2023 as compared to 2022 was primarily due to the impact of China non-deductible stock compensation expense, net global intangible low tax income ("GILTI") inclusion, executive compensation expense in compliance with Internal Revenue Code ("IRC") §162(m), and excess tax deficiencies on stock-based compensation.

The effective tax rate in each period differed from the U.S. statutory tax rate of 21% principally due to U.S. corporate state income taxation and the effect of foreign operations which reflects the impact of different income tax rates in locations outside the United States, the unfavorable impact of valuation allowances on deferred tax assets of select foreign operations and excess tax deficiencies on stock-based compensation, the non-deductibility of China stock compensation expense and executive compensation expense in compliance with IRC §162(m), and the unfavorable impact of capitalized research and experimental costs under IRC §174 increasing the Company's net GILTI inclusion. The change in the effective tax rate for the year ended December 31, 2023 as compared to the prior year, and the negative effective tax rate for both periods presented, is a result of the aforementioned unique net unfavorable items when compared to the pre-tax loss.

Foreign Currency Exchange Gains and Losses

See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" as well as "Item 1A. Risk Factors—Risks Related to Our Global Operations—Our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates."

Non-GAAP Financial Measures

We define Adjusted Net Income as net loss adjusted for unrealized foreign exchange (gain) loss, stock-based compensation expense, amortization of acquisition-related intangibles, acquisition costs, certain professional fees that are considered unrelated to our ongoing revenue-generating operations, employer payroll related expense on employee equity incentive plan, final tax assessment for closed operations, tender offer compensation expense that is considered one-time in nature, IPO-related costs, the change in fair value of contingent consideration, restructuring costs and income tax effects of adjustments.

We define Adjusted EBITDA as net loss adjusted to exclude income tax expense; interest expense; other expense, net, excluding a gain in 2023 related to the mark to market adjustment on shares received in relation to the sale and settlement of trade receivables in 2022 and a gain in 2022 from the sale and settlement of trade receivables; unrealized foreign exchange (gain) loss; stock-based compensation expense; depreciation and amortization expense; acquisition costs; certain professional fees that are considered unrelated to our ongoing revenue-generating operations; employer payroll related expense on employee equity incentive plan; final tax assessment for closed operations; tender offer compensation expense that is considered one-time in nature; IPO-related costs; and restructuring costs. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by total revenues.

We use Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Net Income as measures of operating performance and the operating leverage in our business. We believe that these non-GAAP financial measures are useful to investors for supplemental period-to-period comparisons of our business and in understanding and evaluating our operating results for the following reasons:

- Our management uses Adjusted Net Income to assess our overall performance, without regard to items that are considered to be unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations, net of the income tax effect of the adjustments;

- Adjusted EBITDA and Adjusted EBITDA Margin are widely used by investors and securities analysts to measure a company's operating performance without regard to the aforementioned adjustments which can vary substantially from company to company depending upon their financing, capital structures, and the method by which assets were acquired or costs that are unique or non-recurring in nature or otherwise unrelated to our ongoing revenue-generating operations;
- Our management uses Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance; and
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin provide consistency and comparability with our past financial performance, facilitate period-to-period comparisons of our core operating results, and also facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider these measures in isolation or as substitutes for analysis of our financial results as reported under GAAP. Some of these limitations are, or may in the future be, as follows:

- Although depreciation and amortization expense is a non-cash charge, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin exclude stock-based compensation expense, which has recently been, and will continue to be for the foreseeable future, a significant recurring non-cash expense for our business and an important part of our compensation strategy;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBITDA Margin do not reflect (i) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (ii) accruals or tax payments that may represent a reduction in cash available to us;
- Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin do not reflect transaction costs related to acquisitions; and
- The expenses and other items that we exclude in our calculations of Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin may differ from the expenses and other items, if any, that other companies may exclude from similarly-titled non-GAAP measures when they report their operating results, and we may, in the future, exclude other significant, unusual or non-recurring expenses or other items from these financial measures.

Because of these limitations, Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin should be considered along with other financial performance measures presented in accordance with GAAP.

The following tables present a reconciliation of Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin to their most directly comparable financial measure prepared in accordance with GAAP for the periods indicated (in thousands, except percentages):

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Unrealized foreign exchange (gain) loss	(2,271)	10,106	5,028
Stock-based compensation (a)	64,829	249,915	128,302
Amortization of acquisition-related intangibles	14,550	13,144	12,046
Acquisition costs (b)	6,645	4,126	8,524
Certain professional fees (c)	2,004	2,014	1,991
Employer payroll related expense on employee equity incentive plan (d)	1,242	6,353	1,154
Final tax assessment for closed operations (e)	—	258	—
Non-recurring tender offer compensation expense (f)	—	—	2,715
IPO-related costs (g)	—	—	2,713
Change in fair value of contingent consideration (h)	129	1,027	—
Restructuring (i)	18,944	—	—
Income tax effects of adjustments (j)	(125)	(41,639)	(36,498)
Adjusted Net Income	\$ 37,286	\$ 139,911	\$ 125,400

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Income tax expense	25,531	30,825	16,740
Interest expense	26,238	22,461	25,456
Other expense, net (k)	784	1,682	1,671
Unrealized foreign exchange (gain) loss	(2,271)	10,106	5,028
Stock-based compensation (a)	64,829	249,915	128,302
Depreciation and amortization	36,450	34,446	29,528
Acquisition costs (b)	6,645	4,126	8,524
Certain professional fees (c)	2,004	2,014	1,991
Employer payroll related expense on employee equity incentive plan (d)	1,242	6,353	1,154
Final tax assessment for closed operations (e)	—	258	—
Non-recurring tender offer compensation expense (f)	—	—	2,715
IPO-related costs (g)	—	—	2,713
Restructuring (i)	18,944	—	—
Adjusted EBITDA	\$ 111,735	\$ 256,793	\$ 223,247
Net loss margin	(6.1)%	(8.1)%	(0.1)%
Adjusted EBITDA Margin	9.9 %	19.8 %	20.9 %

- (a) 2023 excludes \$0.2 million related to the restructuring which is included in the restructuring line.
- (b) Adjusts for certain professional fees and retention wage expenses related to certain acquisitions.
- (c) Adjusts for certain transaction expenses, non-recurring legal expenses, and one-time professional fees.
- (d) Adjusts for employer payroll related expense on employee equity incentive plan as these expenses are tied to the exercise or vesting of underlying equity awards and the price of our common stock at the time of vesting or exercise. As a result, these expenses may vary in any particular period independent of the financial and operating performance of our business.

- (e) Adjusts for certain tax related expenses related to final tax assessments from closing operations in Uganda, which was completely shut down in 2015.
- (f) Adjusts for the additional compensation expense related to the tender offer completed in the first quarter of 2021.
- (g) Adjusts for IPO-readiness costs and expenses that do not qualify as equity issuance costs.
- (h) Adjusts for the non-cash adjustment to the fair value of contingent consideration.
- (i) Adjusts for restructuring costs which include wage-related expenses, such as employee severance and related benefits, and non-wage related expenses, including costs related to reducing leased office space, vendor contract cancellations and professional fees.
- (j) Adjusts for the income tax effects of the foregoing adjusted items, determined under a discrete method consistent with our non-GAAP measures of profitability.
- (k) 2022 excludes a \$2.3 million gain related to the sale and settlement of trade receivables and 2023 excludes a \$0.3 million gain related to the mark to market adjustment on shares received in relation to the aforementioned sale and settlement of trade receivables in 2022. The gains were included within other (expense) income, net in the consolidated statements of loss and comprehensive loss.

Liquidity and Capital Resources

The following table summarizes certain key measures of our liquidity and capital resources (in thousands):

	As of December 31,	
	2023	2022
Cash and cash equivalents	\$ 100,305	\$ 194,294
Availability under Revolver	300,000	300,000
Borrowings under Revolver	—	—
Long-term debt, including current portion (1)	293,185	399,006

- (1) The balance includes deferred financing fees. A reconciliation of gross to net amounts is presented in Note 12, *Credit Agreements*.

Our cash generated from operations and financing activities has been our primary source of liquidity to fund operations and investments. Our capital investments focus on our technology solutions, corporate infrastructure and strategic acquisitions to further expand into new business sectors and/or expand sales in existing sectors. The Company generates sufficient cash flows for working capital and expects to do so for the foreseeable future.

As of December 31, 2023, our principal sources of liquidity were cash and cash equivalents of \$100.3 million and \$300.0 million of available borrowings under our Revolver.

In the future, we may enter into arrangements to acquire or invest in complementary businesses, services and technologies, or intellectual property rights. To fund these acquisitions or investments, we may seek to access the debt or capital markets. Our ability to obtain additional funding will be subject to various factors, including general market conditions, our operating performance, the market's perception of our growth potential, lender sentiment and our ability to incur additional debt in compliance with our contractual restrictions, including those in our Credit Agreement (as defined below).

Our Credit Facilities

Our subsidiaries are party to an amended and restated credit agreement, dated March 26, 2021 (as amended, the "Credit Agreement"), among the Company, the syndicate lenders thereto and Credit Suisse, AG, Cayman Islands Branch, as administrative agent, which provides for a term loan ("Term Loan") and revolver ("Revolver"). On December 9, 2022, we amended and restated the credit agreement to (i) increase the amount of revolving credit commitments from \$165.0 million to \$300.0 million and (ii) transition the reference rate for the revolving borrowings under the Credit Agreement from LIBOR to the secured overnight financing rate ("SOFR") and amend the applicable margins as specified therein. On May 18, 2023, we amended and restated the credit agreement (the "Third Amendment and Restatement") to transition the reference rate for the Term Loan borrowings under the Credit Agreement from LIBOR to SOFR. See Note 12, *Credit Agreements*,

for a discussion of the Term Loan and Revolver. As of December 31, 2023, we had \$295.3 million outstanding under our Term Loan with an interest rate of 8.0% and no borrowings outstanding under the Revolver.

Borrowings under the Credit Agreement are guaranteed by substantially all the Borrowers' direct and indirect wholly owned material domestic subsidiaries subject to customary exceptions (the "Guarantors" and together with the Borrowers and Holdings, the "Loan Parties"). The obligations under the Credit Agreement and the guarantees of the Guarantors are secured by substantially all of the Loan Parties' assets, subject to customary exceptions and thresholds.

Borrowings under the Term Loan bear interest at a rate per annum equal to an applicable margin plus either (a) a base rate or (b) SOFR, at our option, subject to interest rate floors. Borrowings under the Revolver bear interest at a rate per annum equal to an applicable margin plus either (x) a base rate or (y) SOFR at our option. In addition to paying interest on outstanding borrowings under the Revolver, we are required to pay a commitment fee to the lenders under the Revolver in respect of unutilized commitments thereunder and customary letter of credit fees. The applicable margins in respect of both the Term Loan and the Revolver are subject to adjustments based on our first lien leverage ratios and corporate family ratings.

The Credit Agreement requires compliance with certain covenants customary for agreements of this type. As of December 31, 2023, we were in compliance with our debt covenants.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Net cash provided by (used in):			
Operating activities	\$ 49,064	\$ 89,389	\$ 118,304
Investing activities	(24,591)	(93,945)	(70,309)
Financing activities	(120,217)	(175,125)	(140,630)
Effect of exchange rate changes on cash and cash equivalents	1,840	(19,697)	(4,622)
Net decrease in cash and cash equivalents	\$ (93,904)	\$ (199,378)	\$ (97,257)

Operating Activities

Net cash provided by operating activities during the year ended December 31, 2023 was \$49.1 million comprised of net loss of \$68.7 million, adjusted for non-cash items including \$65.0 million of stock-based compensation expense and \$36.5 million of depreciation and amortization. Cash provided by operating activities during the year ended December 31, 2023 was further benefited by a decrease in trade receivables of \$32.7 million, which was driven by a decrease in revenue partially offset by an increase in days sales outstanding ("DSO"), and a decrease in unbilled receivables of \$7.6 million. Cash provided by operating activities during the year ended December 31, 2023 was negatively impacted by the change in other assets of \$11.8 million primarily resulting from an increase in income taxes receivable and the change in accrued expenses and other liabilities of \$7.1 million driven by the payment of tax installments.

Net cash provided by operating activities during the year ended December 31, 2022 was \$89.4 million comprised of net loss of \$105.4 million, adjusted for non-cash items including \$250.5 million of stock-based compensation expense and \$34.4 million of depreciation and amortization. Cash provided by operating activities during the year ended December 31, 2022 was negatively impacted by the changes in trade receivables of \$61.9 million due to an increase in DSO and unbilled receivables of \$20.7 million.

Cash provided by operating activities can be significantly impacted by the timing of cash receipts from customers and payments to vendors as well as vendor payment terms.

Investing Activities

Net cash used in investing activities in 2023 was \$24.6 million driven by the acquisition of Itoc in the first quarter of 2023 and purchases of property and equipment.

Net cash used in investing activities in 2022 was \$93.9 million driven by the acquisition of Connected in the second quarter of 2022 and purchases of property and equipment.

Financing Activities

Net cash used in financing activities of \$120.2 million in 2023 was driven by the repayment of long-term debt of \$107.2 million and contingent consideration payment of \$14.0 million.

Net cash used in financing activities of \$175.1 million in 2022 was driven by the repayment of long-term debt of \$107.2 million and withholding taxes paid related to the following: net share settlement on equity awards of \$45.6 million, tender offer of \$15.5 million and dividends previously declared of \$10.0 million.

Contractual Obligations and Future Capital Requirements

Contractual Obligations

We recorded an acquisition purchase price liability of \$14.0 million for contingent consideration related to the acquisition of Connected in the second quarter of 2022. The final payout amount of \$14.3 million was paid on May 4, 2023.

Refer to Note 3, *Acquisitions*, and Note 8, *Leases*, in the notes to our consolidated financial statements for further detail regarding the aforementioned contingent consideration and additional information related to our lease commitments.

Except as disclosed in “—Our Credit Facilities” and those mentioned above, we did not have other material contractual obligations for cash expenditures.

Future Capital Requirements

We believe that our existing cash and cash equivalents combined with our expected cash flow from operations will be sufficient to meet our projected operating and capital expenditure requirements for at least the next twelve months and that we possess the financial flexibility to execute our strategic objectives, including the ability to make acquisitions and strategic investments in the foreseeable future. However, our ability to generate cash is subject to our performance, general economic conditions, industry trends and other factors, and due to our global operations, the value of cash generated may be adversely affected by fluctuations in foreign currency exchange rates. To the extent that existing cash and cash equivalents and operating cash flow are insufficient to fund our future activities and requirements, we may need to raise additional funds through public or private equity or debt financing. If we incur new debt, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity or convertible debt securities, existing stockholders may experience dilution, and such new securities could have rights senior to those of our common stock. These factors may make the timing, amount, terms and conditions of additional financings unattractive. Our inability to raise capital could impede our growth or otherwise require us to forego growth opportunities and could materially adversely affect our business, financial condition and results of operations. There is no assurance that we would be able to raise additional funds on favorable terms or at all.

Commitments and Contingencies

Certain conditions may exist as of the date of the consolidated financial statements which may result in a loss to the Company but will only be resolved when one or more future events occur or fail to occur. Such liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when the Company assesses that it is probable that a future liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which the Company assesses as being probable of realization, are recorded to the extent of related contingent liabilities accrued. Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. The Company records gain contingencies when realized.

Off-Balance Sheet Arrangements

We did not have during any of the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

See Note 1, *Business and Summary of Significant Accounting Policies*, in the notes to our consolidated financial statements for a discussion of recent accounting pronouncements.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report are prepared in accordance with GAAP. In preparing the consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity, revenues, expenses and related disclosures. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions. The critical accounting policies that reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements include those noted below.

Revenue Recognition

We generate revenues by providing professional services in software development and consulting services to companies across the globe.

We determine revenue recognition through the following steps in accordance with Accounting Standards Codification ("ASC") 606:

- identification of the contract, or contracts, with a client;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenues when, or as, we satisfy a performance obligation.

Revenue is recognized when control of services is passed to a client in an amount of revenue that reflects the consideration we expect to be entitled to in exchange for those services. Such control may be transferred over time or at a point in time, depending on satisfaction of obligations stipulated by the contract. We record sales and other taxes collected from clients and remitted to governmental authorities on a net basis.

We generate revenues from a variety of professional service arrangements. Fees for these contracts may be in the form of time-and-materials and fixed price. We also report gross reimbursable expenses incurred as both revenues and cost of revenues in the consolidated statements of loss and comprehensive loss.

Revenues are measured based on consideration specified in a contract with a client, which may consist of both fixed and variable components, and the consideration expected to be received is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. The standalone selling prices are generally determined based on the prices at which we separately sell the services.

Stock-Based Compensation

We grant equity incentive awards to certain employees and directors. These compensation arrangements are settled in equity, or in certain cases at our discretion, in cash, at a predetermined price. The equity incentive awards generally vest over a period of one to four years and, in certain cases, vest in full on a liquidity event

involving the Company. Stock-based compensation expense is measured at the grant date fair value and amortized over the vesting period of the award using the straight-line amortization method (or, in the case of performance stock units, the accelerated amortization method is utilized).

Performance Vesting and Time Vesting Options

Through September 17, 2021 (the "IPO Closing Date"), we estimated grant date fair value for stock option awards using a hybrid of the Probability-Weighted Expected Return Method ("PWERM") and the Option-Pricing Model ("OPM") that used assumptions including expected volatility, expected term, and the expected risk-free rate of return. Prior to the completion of our IPO, we relied, in part, on valuation reports prepared by unrelated third-party valuation firms to assist us in valuing our share-based awards.

On September 9, 2021, the Board, through unanimous written consent, approved a modification to the Company's 2017 Stock Option Plan (the "2017 Plan") which, upon completion of the IPO, a sponsor return of 2.8x times sponsor investment was achieved, and the service condition under the Plan that participants must provide at least 18 months of continuous service following the grant date in order for performance vesting options to vest was waived. Additionally, the Board also approved accelerated vesting of all remaining, unvested former Class C performance vesting options, after the achievement of such sponsor return, which resulted in all performance vesting options becoming fully vested upon pricing of the IPO. Unless otherwise prohibited by law in local jurisdictions, time vesting options will continue to vest according to the Plan. No stock option awards have been granted since the second quarter of 2021. For more information regarding the stock option awards, see Note 10, *Stock-Based Compensation*, to our consolidated financial statements.

The performance and time vesting options have a contractual term of 10 years from the grant date.

Restricted Stock Units ("RSUs")

In September 2021, the Board approved the 2021 Omnibus Incentive Plan (the "Omnibus Plan"). Under the Omnibus Plan, RSUs are awarded to eligible employees as well as directors. The fair value of the RSUs is based on the market price of our common stock on the date of grant.

Performance Stock Units ("PSUs")

PSUs are granted to certain executives and employees under the Omnibus Plan, which consist of PSUs with non-market-based performance and time-based vesting conditions as well as PSUs with market-based performance and time-based vesting conditions. The PSUs subject to non-market-based performance and time-based vesting conditions are earned based on our achievement of specified adjusted EBITDA targets (the "EBITDA PSUs"). The PSUs subject to market-based performance and time-based vesting conditions are earned based on our achievement of specified relative total shareholder return ("rTSR") targets (the "rTSR PSUs"). Both types of PSUs vest over a three-year service period, subject to the participant's continued employment with us or our affiliate, as applicable.

The fair value of the EBITDA PSUs is determined using the closing stock price on the grant date. For the EBITDA PSUs, the compensation expense is recognized based upon the achievement percentage of the performance target and amortized over the service period of the award. The fair value for the rTSR PSUs is determined using a Monte-Carlo simulation, which is amortized in full over the service period. For the rTSR PSUs, the compensation expense is not adjusted for the achievement percentage of the performance target. Compensation expense for both types of PSUs is recognized using the accelerated amortization method.

Business Combinations

We account for business combinations using the acquisition method of accounting which requires us to allocate the fair value of purchase consideration to the assets acquired and liabilities assumed based on the estimated fair values at the acquisition date. The fair value of the net assets acquired for the business is determined utilizing expectations and assumptions we believe reasonable, which include the timing and amount of forecasted revenues and cash flows, expected growth rates, customer attrition rates, the discount rate reflecting the risk of future cash flows and the useful lives for finite-lived assets. Intangible assets other than goodwill are comprised of finite-lived intangibles and indefinite-lived intangibles. At initial recognition, intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, finite-lived intangible assets are carried at cost less accumulated

amortization and impairment losses, if any, and are amortized on a straight-line basis over the estimated useful life of the asset, which was determined based on management's estimate of the period over which the asset will contribute to our future cash flows.

The excess of the purchase consideration transferred over the fair values of assets acquired and liabilities assumed is recorded as goodwill. As additional information is obtained about the assets and liabilities of the acquisition during the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed with an offset to goodwill. After the measurement period, any adjustments are recorded in the consolidated statements of loss and comprehensive loss. We review goodwill for impairment annually or whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. We assess goodwill for impairment at the reporting unit level. In conducting our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of the asset is less than its carrying amount. If factors indicate that the fair value of the asset is less than its carrying amount, we perform a quantitative impairment assessment of the asset, analyzing the expected present value of future cash flows to quantify the amount of impairment, if any. We perform our annual impairment tests in the fourth quarter of each fiscal year. We assess the impairment of intangible assets whenever events or changing circumstances indicate that the carrying amount may not be recoverable.

Some business combinations may include a contingent consideration agreement. We determine the fair value of the contingent consideration liability using a Monte Carlo Simulation, which involves a simulation of future revenues and earnings during the earn-out period using management's best estimates. The liability is remeasured to fair value at each reporting date with adjustments recorded within other (expense) income, net in the consolidated statements of loss and comprehensive loss.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks in the ordinary course of our business. These risks primarily result from changes in concentration of credit, interest rates and foreign currency exchange rates. In addition, our international operations are subject to risks related to differing economic conditions, civil unrest, political instability or uncertainty, military activities, broad-based sanctions, differing tax structures, and other regulations and restrictions. Refer to Note 1, Business and Summary of Significant Accounting Policies, for discussion related to concentration of credit risk.

Interest Rate Risk

We are primarily exposed to changes in interest rates with respect to our cost of borrowing under our Credit Agreement. We monitor our cost of borrowing under our credit facilities, taking into account our funding requirements and our expectations for interest rates in the future. In 2023, a hypothetical 100 basis point increase or decrease in interest rates would have resulted in a \$2.9 million increase or \$3.4 million decrease, respectively, in our interest expense.

Foreign Currency Risk

We operate in several countries across the world. Our international sales are primarily denominated in foreign currencies, and any unfavorable movement in the exchange rate between U.S. dollars and the currencies in which we conduct sales in foreign countries could have an adverse impact on our revenues. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies, which are also subject to fluctuations due to changes in foreign currency exchange rates. In addition, our suppliers incur many costs, including labor and supply costs, in other currencies. While we are not currently contractually obligated to pay increased costs due to changes in exchange rates, to the extent that exchange rates move unfavorably for our suppliers, they may seek to pass these additional costs on to us, which could have a material impact on our gross margins. Our operating results and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuation from operating expenses is relatively small at this time as the related costs do not constitute a significant portion of our total expenses. We have generally not entered into derivatives or hedging transactions, as our exposure to foreign currency exchange rates has historically been partially hedged as our foreign currency denominated inflows have covered our foreign currency denominated expenses. However, we may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant.

In 2023, our revenues denominated and recorded in currencies other than U.S. dollars amounted to 65% of our total revenues. A hypothetical 10% increase or decrease in the value of the U.S. dollar against the principal foreign currencies in which our revenues are measured (namely, the Australian dollar, Brazilian Real, British Pound, Canadian Dollar, Chilean Peso, Chinese Yuan, Euro, Indian Rupee and Singapore Dollar) would have caused our revenues to decrease or increase, respectively, by approximately \$72.4 million.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and operating results.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Thoughtworks Holding, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Thoughtworks Holding, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of loss and comprehensive loss, changes in redeemable convertible preferred stock and stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

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

Revenue Recognition for Fixed-Price Contracts

Description of the Matter

As discussed in Note 2 to the consolidated financial statements, the Company generates revenue from a variety of professional service arrangements. Fees for these contracts may be in the form of time-and-materials or fixed-price revenues.

Fixed-price contracts include application development arrangements, where progress towards satisfaction of the performance obligation is measured using costs incurred to date relative to total estimated costs at completion. Assumptions, risks and uncertainties inherent in the estimates used to measure progress for in-process fixed price contracts could affect the amount and timing of revenues, receivables and deferred revenues at each reporting period.

Auditing the Company's revenue for in-process fixed-price contracts was challenging given the significant audit effort including the evaluation of assumptions used to determine the accuracy of total estimated costs upon completion.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the Company's processes to determine the total estimated costs for in-process fixed-price contracts, including management's review of the underlying calculation performed to recognize revenue for such in-process fixed-price contracts and the look-back analysis performed subsequent to period-end to evaluate any changes in the total estimated costs.

To test the Company's accounting for the in-process fixed-price contract revenue recognized, we performed audit procedures that included, among others, testing the accuracy and completeness of the actual costs incurred through year-end. We performed a look-back analysis subsequent to year-end to evaluate any changes in the total estimated costs. We compared the Company's original or prior period estimate of total contract costs to be incurred to the actual costs incurred for completed contracts to assess the Company's ability to accurately estimate costs. We interviewed operational personnel of the Company to evaluate progress to date and the estimate of remaining costs to be incurred, including the amount of time and cost to complete, for a sample of customer contracts. We also assessed the appropriateness of the related disclosures in the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Chicago, Illinois

February 27, 2024

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Thoughtworks Holding, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Thoughtworks Holding, Inc.'s (the Company's) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of loss and comprehensive loss, changes in redeemable convertible preferred stock and stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, the related notes and our report dated February 27, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
Chicago, Illinois
February 27, 2024

THOUGHTWORKS HOLDING, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 100,305	\$ 194,294
Trade receivables, net of allowance of \$9,550 and \$9,531, respectively	167,942	201,695
Unbilled receivables	115,150	122,499
Prepaid expenses	19,692	19,353
Other current assets	25,269	18,849
Total current assets	428,358	556,690
Property and equipment, net	26,046	38,798
Right-of-use assets	41,771	43,123
Intangibles and other assets:		
Goodwill	424,565	405,017
Trademark	273,000	273,000
Customer relationships, net	114,186	124,047
Other non-current assets	19,310	21,175
Total assets	<u>\$ 1,327,236</u>	<u>\$ 1,461,850</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,767	\$ 5,248
Long-term debt, current	7,150	7,150
Income taxes payable	5,106	22,781
Accrued compensation	88,712	85,477
Deferred revenue	18,090	5,167
Accrued expenses and other current liabilities	22,154	37,753
Lease liabilities, current	15,301	15,994
Total current liabilities	159,280	179,570
Lease liabilities, non-current	29,791	29,885
Long-term debt, less current portion	286,035	391,856
Deferred tax liabilities	54,907	62,555
Other long-term liabilities	24,093	19,762
Total liabilities	554,106	683,628
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, \$0.001 par value; 100,000,000 shares authorized, zero issued and outstanding at December 31, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized, 372,876,082 and 366,306,970 issued, 322,407,385 and 315,681,987 outstanding at December 31, 2023 and December 31, 2022, respectively	373	366
Treasury stock, 50,468,697 and 50,624,983 shares at December 31, 2023 and December 31, 2022, respectively	(622,988)	(624,934)
Additional paid-in capital	1,627,491	1,565,514
Accumulated other comprehensive loss	(38,166)	(39,210)
Retained deficit	(193,580)	(123,514)
Total stockholders' equity	773,130	778,222
Total liabilities and stockholders' equity	<u>\$ 1,327,236</u>	<u>\$ 1,461,850</u>

The accompanying notes form an integral part of the consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenues	\$ 1,126,816	\$ 1,296,238	\$ 1,069,945
Operating expenses:			
Cost of revenues	772,800	950,305	669,681
Selling, general and administrative expenses	331,830	372,761	333,904
Depreciation and amortization	23,554	20,484	17,599
Restructuring	18,944	—	—
Total operating expenses	1,147,128	1,343,550	1,021,184
(Loss) income from operations	(20,312)	(47,312)	48,761
Other (expense) income:			
Interest expense	(26,238)	(22,461)	(25,456)
Net realized and unrealized foreign currency gain (loss)	3,875	(5,405)	(5,469)
Other (expense) income, net	(455)	610	(1,671)
Total other expense	(22,818)	(27,256)	(32,596)
(Loss) income before income taxes	(43,130)	(74,568)	16,165
Income tax expense	25,531	30,825	16,740
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	1,044	(28,366)	(9,270)
Comprehensive loss	\$ (67,617)	\$ (133,759)	\$ (9,845)
Net loss per common share:			
Basic loss per common share	\$ (0.22)	\$ (0.34)	\$ (0.24)
Diluted loss per common share	\$ (0.22)	\$ (0.34)	\$ (0.24)
Weighted average shares outstanding:			
Basic	317,718,424	310,911,526	254,271,997
Diluted	317,718,424	310,911,526	254,271,997

The accompanying notes form an integral part of the consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Redeemable, Convertible Preferred Stock		Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020	23,493,546	\$ 322,800	278,322,716	\$ 279	572,711	\$ (1,608)	\$ 379,335	\$ (1,574)	\$ 108,338	\$ 484,770
Net loss	—	—	—	—	—	—	—	—	(575)	(575)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(9,270)	—	(9,270)
Issuance of common stock upon initial public offering, net of issuance costs of \$30.3 million	—	—	16,429,964	16	—	—	314,700	—	—	314,716
Issuance of redeemable convertible preferred stock, net of issuance costs of \$11.8 million	35,996,412	503,222	—	—	—	—	—	—	—	—
Conversion of redeemable convertible preferred stock to common stock	(59,489,958)	(826,022)	59,489,958	60	—	—	825,962	—	—	826,022
Issuance of common stock on exercise of options, net of withholding taxes	—	—	1,169,090	1	—	—	(852)	—	—	(851)
Issuance of common stock	—	—	133,313	—	—	—	1,873	—	—	1,873
Dividends	—	—	—	—	—	—	(279,191)	—	(45,821)	(325,012)
Tender Offer	—	—	(50,412,860)	—	50,412,860	(627,816)	(10,391)	—	(79,222)	(717,429)
Stock-based compensation expense	—	—	—	—	—	—	127,713	—	—	127,713
Balance as of December 31, 2021	—	\$ —	305,132,181	\$ 356	50,985,571	\$ (629,424)	\$ 1,359,149	\$ (10,844)	\$ (17,280)	\$ 701,957
Net loss	—	—	—	—	—	—	—	—	(105,393)	(105,393)
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(28,366)	—	(28,366)
Issuance of common stock for equity incentive awards, net of withholding taxes	—	—	10,189,218	10	—	—	(40,086)	—	—	(40,076)
Reissuance of treasury shares for equity incentive awards	—	—	360,588	—	(360,588)	4,490	(4,054)	—	—	436
Stock-based compensation expense	—	—	—	—	—	—	250,505	—	—	250,505
Cumulative effect related to adoption of ASU 2016-13	—	—	—	—	—	—	—	—	(841)	(841)
Balance as of December 31, 2022	—	\$ —	315,681,987	\$ 366	50,624,983	\$ (624,934)	\$ 1,565,514	\$ (39,210)	\$ (123,514)	\$ 778,222
Net loss	—	—	—	—	—	—	—	—	(68,661)	(68,661)
Other comprehensive income, net of tax	—	—	—	—	—	—	—	1,044	—	1,044
Issuance of common stock for equity incentive awards, net of withholding taxes	—	—	6,569,112	7	—	—	(1,103)	—	—	(1,096)
Reissuance of treasury shares for equity incentive awards	—	—	156,286	—	(156,286)	1,946	(1,946)	—	(1,405)	(1,405)
Stock-based compensation expense	—	—	—	—	—	—	65,026	—	—	65,026
Balance as of December 31, 2023	—	\$ —	322,407,385	\$ 373	50,468,697	\$ (622,988)	\$ 1,627,491	\$ (38,166)	\$ (193,580)	\$ 773,130

The accompanying notes form an integral part of the consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization expense	36,450	34,446	29,528
Bad debt expense (recovery)	4,606	2,002	(601)
Deferred income tax benefit	(8,351)	(19,425)	(22,369)
Stock-based compensation expense	65,026	250,505	127,713
Unrealized foreign currency exchange (gain)/loss	(2,271)	10,106	5,028
Non-cash lease expense on right-of-use assets	18,407	18,597	—
Other operating activities, net	3,715	3,300	3,642
Changes in operating assets and liabilities:			
Trade receivables	32,661	(61,877)	(32,139)
Unbilled receivables	7,582	(20,711)	(16,733)
Prepaid expenses	(265)	(3,567)	(6,542)
Other assets	(11,841)	2,657	(31,111)
Lease liabilities	(18,269)	(16,721)	—
Accounts payable	(2,597)	144	309
Accrued expenses and other liabilities	(7,128)	(4,674)	62,154
Net cash provided by operating activities	49,064	89,389	118,304
Cash flows from investing activities:			
Purchase of property and equipment	(8,953)	(24,505)	(26,068)
Proceeds from disposal of fixed assets	351	571	518
Acquisitions, net of cash acquired	(15,989)	(70,011)	(44,759)
Net cash used in investing activities	(24,591)	(93,945)	(70,309)
Cash flows from financing activities:			
Proceeds from initial public offering, net of issuance costs and underwriting discounts	—	—	314,716
Proceeds from issuance of Series A redeemable convertible preferred stock, net of issuance costs	—	—	380,994
Proceeds from issuance of Series B redeemable convertible preferred stock, net of issuance costs	—	—	122,228
Payments of obligations of long-term debt	(107,150)	(107,150)	(336,709)
Payments of debt issuance costs	(99)	(3,635)	(7,098)
Proceeds from borrowings on long-term debt	—	—	401,285
Proceeds from issuance of common stock on exercise of options, net of employee tax withholding	6,564	6,766	(851)
Shares and options purchased under tender offer	—	—	(701,960)
Proceeds from issuance of common stock	—	—	1,873
Dividends paid	—	—	(315,003)
Withholding taxes paid on tender offer	—	(15,469)	—
Withholding taxes paid on dividends previously declared	—	(10,009)	—
Withholding taxes paid related to net share settlement of equity awards	(5,621)	(45,643)	—
Payment of contingent consideration	(13,996)	—	—
Other financing activities, net	85	15	(105)
Net cash used in financing activities	(120,217)	(175,125)	(140,630)

THOUGHTWORKS HOLDING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,840	(19,697)	(4,622)
Net decrease in cash, cash equivalents and restricted cash	(93,904)	(199,378)	(97,257)
Cash, cash equivalents and restricted cash at beginning of the period	195,564	394,942	492,199
Cash, cash equivalents and restricted cash at end of the period	<u>\$ 101,660</u>	<u>\$ 195,564</u>	<u>\$ 394,942</u>
Supplemental disclosure of cash flow information:			
Interest paid	\$ 24,824	\$ 20,984	\$ 23,611
Income taxes paid	\$ 50,250	\$ 30,283	\$ 33,344
Supplemental disclosure of non-cash investing and financing activities:			
Withholding taxes payable included within accrued expenses	\$ —	\$ —	\$ 25,956
Withholding taxes payable included within accrued compensation	\$ 3,444	\$ 1,020	\$ —
Option costs receivable included within other current assets	\$ —	\$ 257	\$ —
Conversion of convertible preferred stock to common stock	\$ —	\$ —	\$ 826,022
Net settlement on exercise of shares	\$ —	\$ —	\$ 3,611
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	\$ 100,305	\$ 194,294	\$ 368,209
Restricted cash included in other current assets	—	—	25,478
Restricted cash included in other non-current assets	1,355	1,270	1,255
Total cash, cash equivalents and restricted cash	<u>\$ 101,660</u>	<u>\$ 195,564</u>	<u>\$ 394,942</u>

The accompanying notes form an integral part of the consolidated financial statements.

THOUGHTWORKS HOLDING, INC.
Notes to the Consolidated Financial Statements

Note 1 – Business and Summary of Significant Accounting Policies

Thoughtworks Holding, Inc. (together with its subsidiaries, the “Company”) develops, implements, and services complex enterprise application software and provides business technology consulting. The Company conducts business in Australia, Brazil, Canada, Chile, China, Ecuador, Finland, Germany, Hong Kong, India, Italy, the Netherlands, Romania, Singapore, Spain, Switzerland, Thailand, the United Kingdom, the United States and Vietnam. Thoughtworks Holding, Inc. is the ultimate parent holding company of Thoughtworks, Inc. among other subsidiaries.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the accounts of Thoughtworks Holding, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Certain amounts in the prior period consolidated financial statements and notes have been reclassified to conform to the 2023 presentation. These reclassifications had no effect on results of operations previously reported.

Preparation of Financial Statements and Use of Estimates

The preparation of these consolidated financial statements is in conformity with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the SEC. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates, including those related to allowance for credit losses, valuation and impairment of goodwill and long-lived assets, income taxes, accrued bonus, contingencies, stock-based compensation and litigation costs. The Company bases its estimates on current expectations and historical experience and on other assumptions that its management believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities when those values are not readily apparent from other sources. Actual results can differ from those estimates, and such differences may be material to the consolidated financial statements in the future. In management’s opinion, all adjustments considered necessary for a fair presentation of the accompanying consolidated financial statements have been included, and all adjustments are of a normal and recurring nature.

Segments

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker (“CODM”), in deciding how to allocate resources and assess performance.

While the Company has offerings in multiple modern digital businesses and operates in multiple countries, the Company’s business operates in one operating segment because most of the Company’s service offerings are delivered and supported on a global basis and are deployed in a nearly identical way. The Company’s CODM evaluates the Company’s financial information, allocates resources and assesses the performance of these resources on a consolidated basis.

Long-Lived Assets

The North America geographic region encompasses the Company’s country of domicile (United States) and Canada, of which long-lived assets include property and equipment, net of depreciation, and lease right-of-use (“ROU”) assets which are principally held within the United States. Canadian long-lived assets were determined to be immaterial given the amount was less than 10% of the Company’s long-lived assets as of December 31, 2023 and 2022. The Company holds material long-lived assets in the foreign geographic locations noted in the table below.

The following table presents long-lived assets by location (in thousands):

	As of December 31,					
	2023			2022		
United States	\$	14,582	21.5 %	\$	18,205	22.2 %
Germany		13,052	19.2 %		13,606	16.6 %
India		10,793	15.9 %		14,457	17.6 %
China		10,616	15.7 %		12,160	14.9 %
All other (1)		18,774	27.7 %		23,493	28.7 %
Total long-lived assets	\$	67,817	100.0 %	\$	81,921	100.0 %

(1) All other foreign geographic locations hold long-lived assets of less than 10% of the Company's consolidated total.

Revenue Recognition

The Company recognizes revenues when control of services is passed to a customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Such control may be transferred over time or at a point in time, depending on satisfaction of obligations stipulated by the contract. The Company records sales and other taxes collected from customers and remitted to governmental authorities on a net basis.

The Company generates revenue from a variety of professional service arrangements. Fees for these contracts may be in the form of time-and-materials and fixed price. The Company also reports gross reimbursable expenses incurred as both revenue and cost of revenues in the consolidated statements of loss and comprehensive loss.

Revenue is measured based on consideration specified in a contract with a customer, which may consist of both fixed and variable components, and the consideration expected to be received is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. The standalone selling prices are generally determined based on the prices at which the Company separately sells the services.

Contracts may include variable consideration, which usually takes the form of volume-based discounts, service level credits, price concessions, or incentives. To the extent that variable consideration is not constrained, the Company includes the expected amount within the total transaction price and updates its assumptions over the duration of the contract. Determining the estimated amount of such variable consideration involves assumptions and judgment that can have an impact on the amount of revenues reported. The amount of variable consideration is estimated utilizing the expected value or most likely amount method, depending on the facts and circumstances relative to the contract.

Time-and-Materials Revenues

The Company generates the majority of its revenues under time-and-materials contracts, which are billed using hourly, daily, or monthly rates to determine the amounts to be charged directly to the customer. Revenue from time-and-materials contracts is based on the number of hours worked and at contractually agreed-upon hourly rates and is recognized as those services are rendered as control of the services passes to the customer over time.

Fixed-Price Revenues

Fixed-price contracts include application development arrangements, and with certain contracts, progress towards satisfaction of the performance obligation is measured using input methods as there is a direct correlation between hours incurred and the end deliverable to the customer. With other contracts, progress towards the satisfaction of the performance obligation is measured using input methods with a direct correlation to resources consumed and the services provided to the customer. Assumptions, risks, and uncertainties inherent in the estimates used to measure progress could affect the amount of revenues, receivables, and deferred revenues at each reporting period. Revenues under these contracts are recognized

using costs incurred to date relative to total estimated costs at completion to measure progress toward satisfying performance obligations or based on resources utilized at contractually agreed-upon fixed rates.

Principal vs Agent Consideration

From time to time, the Company may enter into arrangements with third-party suppliers to sell services. In such cases, the Company evaluates whether it is the principal (i.e., reports revenues on a gross basis) or the agent (i.e., reports revenues on a net basis). In doing so, the Company first evaluates whether it has control of the service before it is transferred to the customer. If the Company controls the service before it is transferred to the customer, the Company is the principal; if not, the Company is the agent. Determining whether the Company controls the service before it is transferred to the customer may require judgment.

Contract Balances

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price contracts, where the right to consideration is conditional on the satisfaction of performance obligations that are measured based on hours incurred and the end deliverable to the customer. Contract assets are recorded when services have been provided but the Company does not have an unconditional right to receive consideration. Professional services performed on or prior to the balance sheet date, but invoiced thereafter, are reflected in unbilled receivables.

Contract liabilities, or deferred revenue, consist of advance payments from clients and billings in excess of revenues recognized. The Company classifies deferred revenue as current on the consolidated balance sheet and is recognized as revenue as the Company performs under the contract. These balances are generally short-term in nature and are recognized as revenue within one year.

Costs to Obtain a Customer Contract

The Company incurs certain incremental costs to obtain a contract that the Company expects to recover. The Company applies a practical expedient and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The Company capitalizes incremental costs of obtaining contracts where the contract term is greater than one year. These costs primarily relate to commissions paid to the account executives and are included in SG&A expenses in the consolidated statements of (loss) income and comprehensive (loss) income for contracts one year or less and other current assets and other non-current assets on the consolidated balance sheets for contracts greater than one year.

Costs capitalized are amortized on a straight-line basis over the period of benefit. Amortization of capitalized costs to obtain contracts is included in SG&A expenses in the consolidated statements of (loss) income and comprehensive (loss) income. The Company determined the period of benefit by taking into consideration standard contract terms, renewals and amendments, if applicable. The capitalized amounts are recoverable through future revenue streams under all non-cancelable customer contracts. The Company periodically evaluates whether there have been any changes in its business, the market conditions in which it operates or other events which would indicate that its amortization period should be changed or if there are potential indicators of impairment.

The following table is a summary of the Company's costs to obtain contracts and related amortization where the amortization period of the assets is greater than one year (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance at beginning of period	\$ 1,588	\$ 2,039	\$ —
Costs to obtain contracts capitalized	905	811	2,318
Amortization of capitalized costs	(1,685)	(1,265)	(277)
Changes due to exchange rates	68	3	(2)
Balance at end of period	<u>\$ 876</u>	<u>\$ 1,588</u>	<u>\$ 2,039</u>

Cost of Revenues

Consists primarily of personnel and related costs directly associated with professional services, including salaries, bonuses, fringe benefits, stock-based compensation, project related travel costs, and costs of contracted third-party vendors. Also included in cost of revenues is depreciation attributable to the portion of our property and equipment utilized in the delivery of services to our clients.

Selling, General and Administrative Expenses

Consists of expenses associated with promoting and selling the Company's services and general and administrative functions of the business. These expenses include the costs of salaries, bonuses, fringe benefits, commissions, stock-based compensation, severance, bad debt, travel, legal and accounting services, insurance, facilities including operating leases, advertising and other promotional activities.

Advertising costs consist of marketing, advertising through print and other media, professional event sponsorship, and public relations. These costs are expensed as incurred. Advertising costs totaled \$5.0 million, \$4.1 million and \$2.3 million for the years ended December 31, 2023, 2022 and 2021, respectively, and are included in SG&A expenses in the consolidated statements of loss and comprehensive loss.

Other (Expense) Income

Other (expense) income consists of interest expense, impacts from foreign exchange transactions, gains (losses) on the sale of assets, gains related to the sale and settlement of trade receivables, change in fair value of contingent consideration and the write-off of deferred financing fees.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments and deposits that are readily converted into cash, with maturities of three months or less.

Restricted Cash

Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Restricted cash is restricted as to withdrawal or use. The Company has restricted cash held on deposit at various financial institutions to secure bank guarantees of amounts related to government requirements and for collateral for a corporate credit card.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are uncollateralized customer obligations due under normal trade terms. Payment terms with customers are generally 30 to 90 days from the invoice date. Accounts receivable are recorded at the invoiced amount net of an allowance for credit loss. The Company analyzes its historical credit loss experience and considers current conditions and reasonable and supportable forecasts in developing the expected credit loss rates. Interest is not generally accrued on outstanding balances as the balances are considered short-term in nature.

Activity related to the Company's allowance for credit losses is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Allowance for credit losses, beginning balance	\$ (9,531)	\$ (8,916)	\$ (10,385)
Impact of accounting standard adoption (1)	—	(841)	—
Current period provision	(4,606)	(2,002)	(281)
Write-offs charged against allowance	4,848	2,351	882
Recoveries of amounts previously written off	(96)	—	—
Changes due to exchange rates	(165)	(123)	868
Allowance for credit losses, ending balance	<u>\$ (9,550)</u>	<u>\$ (9,531)</u>	<u>\$ (8,916)</u>

(1) The Company adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, in the first quarter of 2022.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting which requires it to allocate the fair value of purchase consideration to the assets acquired and liabilities assumed based on the estimated fair values at the acquisition date. The fair value of the net assets acquired for the business is determined utilizing expectations and assumptions believed reasonable by management. The excess of the purchase consideration transferred over the fair values of assets acquired and liabilities assumed is recorded as goodwill. As additional information is obtained about the assets and liabilities of the acquisition during the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed with an offset to goodwill. After the measurement period, any adjustments are recorded in the consolidated statements of loss and comprehensive loss. Acquisition costs are expensed as incurred.

Some business combinations may include a contingent consideration agreement. The Company determines the fair value of the contingent consideration liability using a Monte Carlo Simulation. The liability is remeasured to fair value at each reporting date with adjustments recorded within other income (expense), net in the consolidated statements of loss and comprehensive loss.

Government Assistance

The Company has historically received government subsidies in the form of cash in China and Singapore related to expenses such as rent, wages, training benefits and taxes. The subsidies are recorded against the related expense within SG&A expense or cost of revenues in the consolidated statements of loss and comprehensive loss. The Company recorded \$1.3 million and \$1.3 million to cost of revenues and \$1.3 million and \$0.7 million to SG&A expense for the years ended December 31, 2023 and 2022, respectively.

Property and Equipment, net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives, by asset class, are as follows:

Office furniture and equipment	7 years
Computer equipment	3 years
Software, including internal-use software	3 to 5 years
Automobiles	7 years

Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the terms of the related leases.

The Company reviews long-lived assets, including property and equipment and finite-lived intangible assets, for realizability on an ongoing basis. Changes in depreciation, generally accelerated depreciation, are determined and recorded when estimates of the remaining useful lives or residual values of long-term assets change. The Company also reviews for impairment when conditions exist that indicate the carrying amount of the asset group may not be fully recoverable. In those circumstances, the Company performs an undiscounted operating cash flow analysis to determine if an impairment exists. Any impairment loss is calculated as the excess of the asset's carrying value over its estimated fair value. Fair value is estimated based on the discounted cash flows for the asset group over the remaining useful life or based on the expected cash proceeds for the asset less costs of disposal.

Internal-Use Software

In accordance with ASC 350-40, Internal-Use Software, certain costs incurred in the planning and evaluation stage of internal-use computer software are expensed as incurred. Certain costs incurred during the application development stage are capitalized and included in property and equipment. Capitalized costs are depreciated over the expected economic useful life of three to five years using the straight-line method.

Capitalized internal-use software asset depreciation expense for the years ended December 31, 2023, 2022 and 2021 was \$5.8 million, \$4.7 million and \$2.2 million, respectively, and is included in depreciation and amortization in the consolidated statements of loss and comprehensive loss. As of December 31, 2023 and 2022, the net book value of internal-use software was \$5.9 million and \$6.5 million, respectively.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired in a business combination. When the Company acquires a business, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statement of operations.

The Company performs an annual impairment review of goodwill in its fiscal fourth quarter and additional impairment reviews when events and circumstances indicate it is more likely than not that an impairment may have occurred. The Company assesses goodwill for impairment at the reporting unit level.

Based on the results of the annual impairment analysis, the Company determined no impairment existed for the year ended December 31, 2023 and 2022 as the fair value exceeded the carrying amount.

Other Intangible Assets

In accordance with ASC 350, Intangibles – Goodwill and Other, the Company amortizes its finite-lived intangible assets over their respective estimated useful lives. The Company reviews both indefinite-lived intangibles and finite-lived intangibles for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they may be impaired. Impairment indicators could include significant under-performance relative to the historical or projected future operating results, significant changes in the manner of use of assets, significant negative industry or economic trends or significant changes in the Company's market capitalization relative to net book value. Any changes in key assumptions used by the Company, including those set forth above, could result in an impairment charge and such a charge could have a material adverse effect on the Company's consolidated statements of loss and comprehensive loss. The Company's other intangible assets consist of an indefinite-lived trademark and finite-lived customer relationships. Customer relationships have an estimated useful life of four to fifteen years and are being amortized using the straight-line method.

Based on the results of the annual impairment analysis, the Company determined no impairment existed for the years ended December 31, 2023 and 2022 as the fair value exceeded the carrying amount.

Income Taxes

The Company is subject to both the United States of America (U.S.) and foreign income taxes. A current tax asset or liability is recognized for the estimated taxes payable or refundable on tax returns for the year.

Deferred income taxes are recorded to reflect the tax consequences on future years of the difference between the tax bases of assets and liabilities for income taxes and for financial reporting purposes using enacted tax rates in effect for the year in which differences are expected to reverse. The Company nets the deferred tax assets and deferred tax liabilities from temporary differences arising within the same tax jurisdiction and presents the net asset or liability as long term.

The Company assesses the need to account for deferred taxes on unremitted earnings of its foreign subsidiaries on an individual country basis according to management's assertions regarding repatriation or permanent investment of each country's accumulated earnings.

A valuation allowance is established when necessary to reduce deferred income tax assets to the amounts expected to be realized.

The Company classifies interest and penalties associated with tax liabilities as income tax expense in the consolidated statements of loss and comprehensive loss.

The Company provides for tax expense related to Global Intangible Low-Tax Income ("GILTI") in the year the tax is incurred.

The Company's provision for income taxes includes the impact of provisions established for uncertain income tax positions, as well as any related interest and penalties. These reserves are adjusted given changing facts and circumstances, such as the closing of a tax audit, statute of limitation lapse or the refinement of an estimate. To the extent the final outcome of an uncertain income tax position differs from the amounts recorded, such differences will impact the provision for income taxes in the period in which such determination is made.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists solely of foreign currency translation adjustments.

Foreign Currency

Assets and liabilities of consolidated foreign subsidiaries whose functional currency is not the U.S. dollar are translated into U.S. dollars at period-end exchange rates and revenues and expenses are translated into U.S. dollars at average exchange rates for the applicable period. The adjustment resulting from translating the financial statements of such foreign subsidiaries into U.S. dollars is reflected as a cumulative translation adjustment and reported as a component of accumulated other comprehensive loss.

For consolidated foreign subsidiaries whose functional currency is the U.S. dollar, transactions and balances denominated in the local currency are foreign currency transactions. Foreign currency transactions and balances related to non-monetary assets and liabilities are remeasured to the functional currency of the subsidiary at historical exchange rates while monetary assets and liabilities are remeasured to the functional currency of the subsidiary at period-end exchange rates. Foreign currency exchange gains or losses from remeasurement are included in income in the period in which they occur.

Commitments and Contingencies

Certain conditions may exist as of the date of the consolidated financial statements which may result in a loss to the Company but will only be resolved when one or more future events occur or fail to occur. Such liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources, are recorded when the Company assesses that it is probable that a future liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which the Company assesses as being probable of realization, are recorded to the extent of related contingent liabilities accrued.

Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. The Company records gain contingencies when realized.

Deferred Financing Fees

Deferred financing fees represent third-party debt issuance costs associated with the related debt facility. Deferred financing fees associated with the Company's debt agreements are treated as a discount on the outstanding debt balance and amortized over the term of the respective debt facility, using the effective interest rate method and reported as a component of interest expense. Debt discounts on the Company's debt are reflected as a direct deduction from the carrying amount of the long-term portion of the related debt liability.

The Company recorded interest expense as it relates to deferred financing fees of \$2.5 million, \$1.6 million and \$1.6 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Fair Value Measurements

The Company determines the fair values of its financial instruments based on the fair value hierarchy. ASC 820, Fair Value Measurement, includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on observable or unobservable inputs to valuation techniques that are used to measure fair value. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.

The fair value hierarchy consists of the following three levels:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.
- Level 3: Inputs that are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The fair value of certain assets, such as nonfinancial assets, primarily long-lived assets, goodwill, intangible assets and certain other assets, are recognized or disclosed in connection with impairment evaluations. All non-recurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy.

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, and accounts payable approximated fair value as of December 31, 2023 and 2022, because of the relatively short maturity of these instruments. Additionally, the Company estimates the fair value of the Term Loan, discussed in Note 12, *Credit Agreements*, using current market yields. These current market yields are considered Level 2 inputs. The fair value of the Term Loan was \$294.0 million and \$392.0 million at December 31, 2023 and 2022, respectively.

Stock-Based Compensation

The Company accounts for employee and Director equity-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*. Accordingly, compensation expense is based on the grant date fair value of those awards and is recognized over the requisite service period for the respective award. The Company's equity-based awards granted to employees include service-based stock option awards, RSUs and PSUs, both market and non-market based.

The Company grants EBITDA PSUs and rTSR PSUs to certain executives and employees under the Omnibus Plan. The EBITDA PSUs are earned based on the Company's achievement of specified adjusted EBITDA targets. The rTSR PSUs are earned based on the Company's achievement of specified rTSR targets. Both

types of PSUs vest over a three-year service period, subject to the participant's continued employment with us or our affiliate, as applicable.

The fair value of the options, RSUs, and EBITDA PSUs is determined using the grant date stock price of the Company's common stock. The fair value for the rTSR PSUs is determined using a Monte-Carlo simulation. Compensation expense for awards solely subject to time-based vesting conditions (i.e., options and RSUs), will be recognized over their requisite service period (typically one to four years) on a straight-line amortization basis. Compensation expense for PSUs is recognized over their requisite service period on an accelerated amortization basis, from the date of grant through the last day of the requisite service period. The expense for the EBITDA PSUs is adjusted based on an estimate of awards ultimately expected to vest. The expense for the rTSR PSUs awards will be fully recognized over the service period, regardless if the targets are met. The Company records forfeitures as they occur. The compensation expense is recognized in the Company's consolidated statements of loss and comprehensive loss.

At the time of grant, the Company takes into consideration the timing of the equity award and evaluates for conditions that could result in the award being considered spring loaded awards. The Company did not grant equity awards that would be considered spring loaded awards in 2023.

Refer to Note 10, *Stock-Based Compensation*, for more information on equity-based awards.

Recently Adopted Accounting Standards

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-08, which amends ASC 805 to require acquiring entities to apply ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to recognize and measure contract assets and contract liabilities in a business combination. The guidance is effective for public entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Entities should apply the ASU's provisions prospectively to business combinations occurring on or after the effective date of the amendments. The Company adopted the standard in the first quarter of 2023. The adoption did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions to ease the financial reporting burdens related to the expected market transition from London Interbank Offer Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The optional amendments are effective as of March 12, 2020 through December 31, 2024, and upon adoption may be applied prospectively through December 31, 2024. The Company elected to utilize the temporary optional expedients in connection with the amendment of our credit agreement, which transitioned the Term Loan from LIBOR to the Secured Overnight Financing Rate ("SOFR") on May 18, 2023. Refer to Note 12, Credit Agreements. The adoption did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance should be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently assessing the impact of this ASU on the consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public business entities to provide annual disclosure of specific categories in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The guidance is effective for public entities for fiscal years beginning after December 15, 2024. Early adoption is permitted. The ASU applies on a

prospective basis, however, retrospective application is permitted. The Company is currently assessing the impact of this ASU on the consolidated financial statements.

Concentration of Credit Risk and Other Risks and Uncertainties

Revenue generated from the Company's operations outside of the United States for the years ended December 31, 2023, 2022 and 2021 was 66%, 63% and 65%, respectively.

As of December 31, 2023 and 2022, approximately 75% and 69%, respectively, of trade accounts receivable and unbilled accounts receivable was due from customers located outside the United States. At December 31, 2023 and 2022, the Company had net fixed assets of \$18.7 million and \$30.0 million, respectively, outside the United States.

Note 2 – Revenue Recognition

The Company disaggregates revenues from contracts with customers by geographic customer location, industry vertical and revenue contract types. Geographic customer location is pertinent to understanding the Company's revenues, as the Company generates its revenues from providing professional services to customers in various regions across the world. The Company groups customers into one of five industry verticals. Revenue contract types are differentiated by the type of pricing structure for customer contracts, which is predominantly time-and-materials, but also includes fixed price contracts.

Disaggregation of Revenues

The following table presents the disaggregation of the Company's revenues by customer location (in thousands):

	Year Ended December 31,		
	2023	2022	2021
North America (1)	\$ 417,571	\$ 503,948	\$ 396,491
APAC (2)	387,061	419,982	358,596
Europe (3)	280,390	315,875	267,121
LATAM	41,794	56,433	47,737
Total revenues	<u>\$ 1,126,816</u>	<u>\$ 1,296,238</u>	<u>\$ 1,069,945</u>

- (1) For the years ended December 31, 2023, 2022 and 2021, the United States represented 35.7%, or \$402.6 million; 36.6%, or \$474.3 million; and 34.8%, or \$372.8 million, respectively, of the Company's total revenues. Canadian operations were determined to be immaterial given the revenues as a percentage of total North America revenues was less than 10% for each of the years.
- (2) For the years ended December 31, 2023, 2022 and 2021, Australia represented 10.3%, or \$116.4 million, 11.4%, or \$148.3 million, and 10.9%, or \$116.5 million, respectively, of the Company's total revenues.
- (3) For the year ended December 31, 2023, revenues in the United Kingdom as a percentage of the Company's total revenues was less than 10%. For the years ended December 31, 2022 and 2021, the United Kingdom represented 10.2%, or \$132.6 million; and 10.8%, or \$115.2 million, respectively, of the Company's total revenues. For the years ended December 31, 2023 and 2021, revenues in Germany represented 11.1%, or \$125.3 million, and 10.6%, or \$113.8 million, respectively, of the Company's total revenues. For the year ended December 31, 2022, revenues in Germany as a percentage of the Company's total revenues was less than 10%.

Other foreign countries were determined to be immaterial given the revenues as a percentage of the Company's total revenues was less than 10% for the years ended December 31, 2023, 2022 and 2021.

The following table presents the disaggregation of the Company's revenues by industry vertical (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Energy, public and health services	\$ 294,029	\$ 316,478	\$ 275,279
Technology and business services	279,264	360,117	288,709
Financial services and insurance	197,407	221,748	170,492
Automotive, travel and transportation	179,268	161,164	132,272
Retail and consumer	176,848	236,731	203,193
Total revenues	<u>\$ 1,126,816</u>	<u>\$ 1,296,238</u>	<u>\$ 1,069,945</u>

The following table presents the disaggregation of the Company's revenues by contract type (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Time-and-materials	\$ 895,939	\$ 1,085,533	\$ 872,271
Fixed-price	230,877	210,705	197,674
Total revenues	<u>\$ 1,126,816</u>	<u>\$ 1,296,238</u>	<u>\$ 1,069,945</u>

Contract Balances

The following table is a summary of the Company's contract assets and contract liabilities (in thousands):

	As of December 31,	
	2023	2022
Contract assets included in unbilled receivables	\$ 29,981	\$ 39,941
Contract liabilities included in deferred revenue	\$ 18,090	\$ 5,167

Contract assets primarily relate to unbilled amounts on fixed-price contracts, where the right to consideration is conditional on the satisfaction of performance obligations that are measured based on hours incurred and the end deliverable to the customer. Contract assets are recorded when services have been provided but the Company does not have an unconditional right to receive consideration. Professional services performed on or prior to the balance sheet date, but invoiced thereafter, are reflected in unbilled receivables.

Contract liabilities represent amounts collected from the Company's customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods. For the years ended December 31, 2023 and 2022, the Company recognized \$5.0 million and \$13.7 million, respectively, of revenues that were included in contract liabilities at the prior year end.

Transaction Price Allocated to Remaining Performance Obligations

The Company does not have material future performance obligations that extend beyond one year. Accordingly, the Company has applied the optional exemption for contracts that have an original expected duration of one year or less.

Note 3 – Acquisitions

On February 1, 2023, the Company completed the acquisition of Itoc, a leading Amazon Web Services Advanced Consulting Partner and Cloud Managed Services Provider in Australia, in an all-cash transaction for a gross purchase price of \$17.8 million, or \$16.0 million net of cash acquired of \$1.8 million. Itoc is now wholly

owned by the Company. The acquisition expands Thoughtworks' capabilities to help modernize and place digital at the center of client operations as they transition to the cloud.

The Company accounted for the acquisition under ASC 805, *Business Combinations*. The goodwill recognized in connection with the acquisition reflects the benefits expected to be derived from certain operational synergies. The fair value of the net assets acquired for the business was determined using Level 3 inputs, for which little or no market data exists, requiring the Company to develop assumptions regarding future cash flow projections. The results of operations of the acquired business have been included in the consolidated statements of loss and comprehensive loss from the acquisition date. Pro forma results of operations for the acquisition are not presented because the pro forma effects were not material to the Company's consolidated statements of loss and comprehensive loss.

Aggregate acquisition-related costs related to Itoc of \$4.6 million for the year ended December 31, 2023 were included within SG&A expenses in the consolidated statements of loss and comprehensive loss.

The Company's final allocation of the fair value of underlying assets acquired and liabilities assumed as of the acquisition date is as follows (in thousands):

	Total
Cash and cash equivalents	\$ 1,788
Trade receivables, net of allowance	1,251
Customer relationships, net (1)	3,500
Goodwill	13,766
Accounts payable	(110)
Accrued compensation	(363)
Accrued expenses and other current liabilities	(1,162)
Income taxes payable	(178)
Lease liabilities, current	(173)
Deferred tax liabilities	(1,050)
Other assets/liabilities, net	508
Total gross purchase price	<u>\$ 17,777</u>

(1) The weighted average amortization period is four years.

Goodwill represents the excess of the purchase price over the fair values of assets acquired and liabilities assumed. The changes in fair value allocated to goodwill, tangible and intangible assets are not deductible for tax purposes.

In connection with the acquisition of Connected Lab Inc. ("Connected") in the second quarter of 2022, the Company recorded a liability of \$14.0 million of contingent consideration, which is included within the total purchase price and classified within accrued expenses and other current liabilities on the consolidated balance sheet as of December 31, 2022. The present value of the contingent consideration liability was determined using a Monte Carlo Simulation that calculated the average present value of the earnout payment. The fair value measurement of the earnout includes a performance metric which is an unobservable Level 3 input. The contingent consideration is payable in cash dependent upon achievement of the performance metric. The liability was remeasured to fair value at each reporting date with adjustments recorded within other (expense) income, net in the consolidated statements of loss and comprehensive loss, and the final payout amount of \$14.3 million was paid on May 4, 2023.

The following table presents the change in the contingent consideration liability (in thousands):

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	\$ 14,255	\$ —
Additions in the period	—	13,996
Payments in the period	(14,344)	—
Change in fair value	129	1,027
Change due to exchange rates	(40)	(768)
Balance at end of period	<u>\$ —</u>	<u>\$ 14,255</u>

Note 4 – Goodwill and Other Intangible Assets

The following is a summary of the changes in the carrying value of goodwill (in thousands):

	Total
Balance as of December 31, 2021	\$ 346,719
Additions due to acquisitions	71,700
Changes due to exchange rates	(13,402)
Balance as of December 31, 2022	405,017
Additions due to acquisitions	13,766
Changes due to exchange rates	5,782
Balance as of December 31, 2023	<u>\$ 424,565</u>

The following is a summary of other intangible assets (in thousands):

	As of December 31,	
	2023	2022
Customer relationships	\$ 196,947	\$ 193,447
Less accumulated amortization	(73,893)	(59,369)
Customer relationships, net	123,054	134,078
Trademark	273,000	273,000
Total other intangible assets, after amortization	396,054	407,078
Changes due to exchange rates	(8,868)	(10,031)
Other intangible assets, net	<u>\$ 387,186</u>	<u>\$ 397,047</u>

Other than an indefinite-lived trademark, the Company's intangible assets have finite lives and, as such, are subject to amortization. The weighted average remaining useful life of the Company's finite-lived intangible assets was 8.1 years and 9.2 years as of December 31, 2023 and 2022, respectively. Amortization expense related to these intangible assets was \$14.5 million, \$13.1 million and \$12.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, estimated amortization expense for the next five years and thereafter is as follows (in thousands):

	Total
2024	\$ 15,510
2025	15,510
2026	15,510
2027	14,708
2028	14,635
Thereafter	47,181
	<u>\$ 123,054</u>

Note 5 – Income Taxes

(Loss)/Income Before Provision for Income Taxes

(Loss)/income before provision for income taxes based on geographic location is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
(Loss)/income before provision for income taxes:			
United States	\$ 49	\$ (48,578)	\$ (27,630)
Foreign	(43,179)	(25,990)	43,795
Total	<u>\$ (43,130)</u>	<u>\$ (74,568)</u>	<u>\$ 16,165</u>

Provision for Income Taxes

The provision/(benefit) for income taxes is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ 6,517	\$ 32,746	\$ 9,839
State	3,229	9,259	5,071
Foreign	24,136	8,245	24,199
Total current	33,882	50,250	39,109
Deferred:			
Federal	(4,207)	(15,379)	(9,088)
State	(947)	(3,228)	(2,457)
Foreign	(3,197)	(818)	(10,824)
Total deferred	(8,351)	(19,425)	(22,369)
Total income tax expense	<u>\$ 25,531</u>	<u>\$ 30,825</u>	<u>\$ 16,740</u>

Effective Tax Rate Reconciliation

A reconciliation of the Company's provision for income taxes to income taxes computed at the U.S. federal statutory income tax rate of 21% is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Provision for income taxes at federal statutory rate	\$ (9,058)	\$ (15,659)	\$ 3,395
Increase/(decrease) in taxes resulting from:			
Non deductible expenses	810	4,713	3,008
Research and development and foreign tax credits	(9,289)	(9,419)	(16,311)
Effect of foreign taxes and foreign exchange rates	1,102	81	5,695
GILTI and related international adjustments	1,667	12,528	8,972
\$162(m) limitation on executive compensation	1,146	2,759	7,396
Stock compensation excess tax deficiencies/(benefits)	16,747	2,739	(8,206)
China non-deductible stock compensation expense	2,916	15,329	—
US state income taxes, net of federal tax benefit	673	3,811	1,072
Change in deferred tax valuation allowance	18,005	11,919	10,060
U.K. rate change	513	(313)	855
Adjustments of prior year estimates and other	(3,152)	(1,044)	(2,330)
Adjustments associated with income tax uncertainties	3,451	3,381	3,134
Total income tax expense	<u>\$ 25,531</u>	<u>\$ 30,825</u>	<u>\$ 16,740</u>

Deferred Income Taxes

The components of the Company's deferred tax assets and liabilities include the following (in thousands):

	As of December 31,	
	2023	2022
Deferred tax assets:		
Accrued expenses	\$ 36,129	\$ 23,572
Goodwill	379	850
Net operating loss carryforwards	40,632	20,409
Research and development and foreign tax credit carryforwards	1,423	1,350
Allowance for doubtful accounts	2,606	2,772
Fixed assets	2,519	2,526
Stock-based compensation	10,222	22,533
Business interest	11,898	9,685
Other assets	2,128	4,790
Total deferred tax assets	<u>107,936</u>	<u>88,487</u>
Total valuation allowance	<u>(47,625)</u>	<u>(28,510)</u>
Total deferred tax assets	<u>\$ 60,311</u>	<u>\$ 59,977</u>

	As of December 31,	
	2023	2022
Deferred tax liabilities:		
Unremitted earnings of subsidiaries and unrealized translation gains	\$ (2,634)	\$ (2,793)
Prepaid expenses	(3,652)	(3,545)
Fixed assets	(362)	(649)
Deferred revenue	(445)	(460)
Customer relationships	(30,693)	(32,844)
Trademark	(73,028)	(73,028)
Internally developed software	(1,415)	(1,565)
Other liabilities	(378)	(192)
Total deferred tax liabilities	(112,607)	(115,076)
Total deferred tax liabilities, net	<u>\$ (52,296)</u>	<u>\$ (55,099)</u>

Management believes that it is more likely than not that certain deferred tax assets will not be realized. At December 31, 2023 and 2022, the Company established a full valuation allowance for deferred tax assets in select non-US jurisdictions of approximately \$30.3 million and \$14.5 million, respectively. The Company established a valuation allowance of approximately \$16.4 million and \$13.1 million at December 31, 2023 and 2022, respectively, for a separate company U.S. federal net operating loss carryforward and separate company U.S. federal limitation of business interest. The Company established a valuation allowance of approximately \$1.0 million and \$1.0 million for certain foreign tax credits at December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the Company had separate company U.S. federal net operating loss carryforwards of \$21.6 million and \$14.1 million, respectively. The U.S. federal net operating loss carryforward period is indefinite. At December 31, 2023 and 2022, the Company had U.S. state net operating loss carryforward benefits of \$0.1 million and \$0.1 million, respectively. The majority of U.S. state net operating loss carryforwards have expiration periods that range from 10 to 20 years.

At December 31, 2023 and 2022, the Company had foreign net operating loss carryforwards of approximately \$146.0 million and \$68.2 million, respectively. For material APAC jurisdictions, the net operating loss carryforward period is 5 years, and for all other material jurisdictions, the net operating loss carryforward period is indefinite.

As of December 31, 2023 and 2022, the Company does not assert permanent reinvestment on previously taxed foreign earnings with the exception of India, where the Company is permanently reinvested. Deferred tax liabilities of \$1.8 million and \$2.1 million, respectively, have been accrued on the foreign withholding taxes due upon repatriation. At December 31, 2023 and 2022 a deferred tax asset of \$1.5 million and \$3.3 million, respectively, has been accrued and recorded to other comprehensive income for cumulative foreign currency translation on previously-taxed earnings and profits of the Company's controlled foreign corporations. Additional tax implications of future repatriations were considered and deemed immaterial.

Unrecognized Tax Benefits

As of December 31, 2023, 2022 and 2021, the Company recorded \$17.8 million, \$14.5 million and \$11.3 million, respectively, of unrecognized tax benefits, which if recognized, would favorably affect the Company's effective tax rate.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance, beginning of year	\$ 14,990	\$ 11,609	\$ 8,123
Additions for tax positions related to the current year	1,025	—	2,068
Additions for tax positions related to prior years	7,388	3,424	1,923
Reductions for tax positions related to prior years	(23)	(43)	(505)
Statute of limitations expirations	(1,520)	—	—
Settlements with tax authorities	(3,419)	—	—
Balance, end of year	<u>\$ 18,441</u>	<u>\$ 14,990</u>	<u>\$ 11,609</u>

The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense. For the years ended December 31, 2023, 2022 and 2021, the income tax expense/(benefit) recognized for interest and penalties related to unrecognized tax (expense)/benefits was \$0.7 million, \$0.4 million and \$0.3 million, respectively. At December 31, 2023, 2022 and 2021, the Company had cumulative liabilities for penalties and interest related to unrecognized tax benefits of approximately \$2.7 million, \$2.0 million and \$1.6 million, respectively. There were no tax positions for which it was reasonably possible that unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date.

The Company files tax returns in the U.S. federal, various U.S. states, and various foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2020. The Company's India subsidiary is no longer subject to income tax examinations by tax authorities in India for years before 2005. For the remaining foreign tax jurisdictions, with few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2017.

Note 6 – Property and Equipment, net

Property and equipment consisted of the following (in thousands):

	As of December 31,	
	2023	2022
Automobiles	\$ 59	\$ 5
Computer equipment	45,749	46,300
Software, including internal-use	22,277	19,170
Leasehold improvements	24,200	22,245
Office furniture and equipment	6,407	6,561
	98,692	94,281
Less: accumulated depreciation and amortization	(72,646)	(55,483)
Property and equipment, net	<u>\$ 26,046</u>	<u>\$ 38,798</u>

Depreciation and amortization expense for property and equipment was \$21.9 million, \$21.3 million and \$17.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Note 7 – Loss Per Common Share

Basic loss per common share is computed by dividing the net loss allocated to common shareholders by the weighted average common shares outstanding for the period.

Diluted loss per common share is computed by giving effect to all potential shares of common stock, including outstanding stock options, unvested RSUs and unvested PSUs, to the extent the shares are dilutive. PSU shares are not included in dilution during the performance period. Once the performance period is

complete, the PSU shares are included in dilution during the remaining service period, to the extent they are dilutive. Basic and diluted loss per common share are the same for all periods presented as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method.

The components of basic and diluted loss per common share are as follows (in thousands, except share and per share data):

	Year Ended December 31,		
	2023	2022	2021
Numerator:			
Net loss	\$ (68,661)	\$ (105,393)	\$ (575)
Preferred stock dividends	—	—	(59,642)
Net loss allocated to common stockholders	<u>\$ (68,661)</u>	<u>\$ (105,393)</u>	<u>\$ (60,217)</u>
Denominator:			
Weighted average shares outstanding – Basic and diluted	317,718,424	310,911,526	254,271,997
Basic and diluted loss per common share	<u>\$ (0.22)</u>	<u>\$ (0.34)</u>	<u>\$ (0.24)</u>

The following potentially dilutive securities were excluded from the computation of diluted loss per common share because the impact of including them would have been anti-dilutive:

	Year Ended December 31,		
	2023	2022	2021
Employee stock options, RSUs and performance stock units ("PSUs")	22,182,607	26,802,540	23,435,860

Note 8 – Leases

The Company leases facilities (office space and corporate apartments) and equipment (IT equipment) under various non-cancelable operating leases that expire through September 2032, some of which include one or more options to extend the leases, generally at rates to be determined in accordance with the agreements. The Company's facility leases generally provide for periodic rent increases and may contain escalation clauses and renewal options. The Company's lease terms include options to extend the lease if they are reasonably certain of being exercised.

The Company recognizes operating lease expense on a straight-line basis over the lease term and variable lease payments are expensed as incurred. Lease costs are primarily recorded within SG&A expenses in the Company's consolidated statements of loss and comprehensive loss. As of December 31, 2023 and 2022, the Company's finance leases were immaterial.

The Company determines if a contract contains a lease at lease inception. If the borrowing rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate ("IBR") based on information available at lease commencement including prevailing financial market conditions to determine the present value of future lease payments. The Company has elected the option to combine lease and non-lease components as a single component for the Company's entire population of lease assets.

Operating lease assets and lease liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, and lease incentives. The Company has elected not to apply the recognition requirements to short-term leases of 12 months or less and instead recognizes lease payments as expense on a straight-line basis over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leased assets are presented net of accumulated amortization. Variable lease payment amounts that cannot be determined at the

commencement of the lease, such as increases in lease payments based on changes in index rates or usage, are not included in the ROU assets or liabilities; instead, these are expensed as incurred and recorded as variable lease expense.

As of December 31, 2023, the Company had additional operating leases that have not yet commenced of \$2.7 million. These leases will commence in 2024 and have lease terms ranging from 5 to 6 years.

The following table presents total lease cost (in thousands):

	Year Ended December 31,	
	2023	2022
Operating lease cost	\$ 21,275	\$ 19,818
Variable lease cost	4,026	2,908
Short-term lease cost	621	614
Total lease cost	<u>\$ 25,922</u>	<u>\$ 23,340</u>

The following table presents supplemental cash flow information (in thousands):

	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 21,466	\$ 19,779
ROU assets obtained in exchange for new operating lease liabilities	\$ 16,344	\$ 21,819
Non-cash net decrease due to lease modifications:		
Operating lease ROU assets	\$ (2,326)	\$ —
Operating lease liabilities	\$ (1,850)	\$ —

The following table presents average lease terms and discount rates:

	As of December 31,	
	2023	2022
Weighted-average remaining operating lease term (years)	4.2	4.7
Weighted average operating lease discount rate	5.9 %	5.3 %

As of December 31, 2023, the aggregate future lease payments under all operating leases are as follows (in thousands):

	Operating
2024	\$ 17,411
2025	12,123
2026	8,094
2027	4,377
2028	2,736
Thereafter	5,908
Total lease payments	<u>50,649</u>
Less: imputed interest	<u>5,567</u>
Present value of lease liabilities	<u>\$ 45,082</u>

ASC 840 Disclosures

Prior to the adoption of Topic 842, total rent expense for all operating leases for the year ended December 31, 2021 was \$19.4 million.

Note 9 – Stockholders' Equity

Redeemable Convertible Preferred Stock

In September 2021, upon the closing of the Company's IPO, all outstanding shares of redeemable convertible preferred stock were converted into an aggregate of 1,365,058 shares (pre-43.6-for-1 stock split) of common stock.

Further, in connection with the IPO, the Company's amended and restated certificate of incorporation became effective, which authorized the issuance of 100,000,000 shares of undesignated preferred stock with a par value of \$0.001 per share with rights and preferences, including voting rights, designated from time to time by the Board of Directors.

Common Stock

In connection with the IPO, all classes of shares of the Company's common stock then outstanding were converted into 5,259,163 shares (pre-43.6-for-1 stock split) of common stock on a one-to-one basis. As a result, the securities of the Company are represented by shares of common stock with a par value of \$0.001 per share. Each share of common stock is entitled to one vote. With respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all shares of common stock will participate pro rata in such payment whenever funds are legally available and when declared by the Board, subject to the prior rights of holders of all classes of stock outstanding.

As of December 31, 2023, there were 1,000,000,000 shares of common stock authorized and 322,407,385 shares of common stock outstanding.

Note 10 – Stock-Based Compensation

Equity Incentive Plans

On October 12, 2017, the Company approved the 2017 Plan for the purpose of providing an incentive compensation structure to participants. Under the 2017 Plan, the Company may make awards to such present and future officers, directors, employees, consultants and advisors of the Company as may be selected at the sole discretion of the Board. The option awards gave the participant the right to purchase the Company's former Class C common stock for a prespecified exercise price. As a result of the IPO, the Company no longer grants awards under the 2017 Plan, and all previously awarded options can now be exercised for only the Company's current common stock when vested and exercisable.

In September 2021, the Board approved the Omnibus Plan to assist the Company in attracting, retaining, motivating, and rewarding certain employees, officers, directors, and consultants of the Company and its Affiliates and promoting the creation of long-term value for stockholders, which became effective in connection with the IPO. A total of 77,304,732 shares of the Company's common stock have been reserved for issuance under the Omnibus Plan.

The following is a summary of the components of stock-based compensation expense for the periods indicated (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenues	\$ 38,981	\$ 176,046	\$ 60,678
Selling, general and administrative expenses	25,848	73,869	67,624
Restructuring	197	—	—
Total stock-based compensation expense	<u>\$ 65,026</u>	<u>\$ 249,915</u>	<u>\$ 128,302</u>

The income tax expense/(benefit) recognized related to stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021 was \$20.9 million, \$20.6 million and \$(0.8) million, respectively.

Stock Options

Under the 2017 Plan, eligible employees received non-qualified stock options as a portion of their total compensation. The options vest on a graded time vesting schedule ("Time Vesting Options") over a vesting term of four years and a contractual term of 10 years, with 37.5% vesting on the 18-month anniversary and 6.25% vesting every three months for the remainder of the 48-month period. Upon a change of control, 100% of the time-vesting options will vest immediately. Any unvested options will be forfeited upon termination of employment.

The following is a summary of performance and time vesting stock option activity for the year ended December 31, 2023 (in thousands, except share and per share data):

	Number of Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted- Average Remaining Contractual Term (years)
Balance at December 31, 2022	21,607,562	\$ 3.83		
Granted	—	—		
Forfeited	(579,649)	10.88		
Exercised	(2,432,182)	2.70		
Cancelled	—	—		
Expired	—	—		
Balance at December 31, 2023	<u>18,595,731</u>	<u>\$ 3.76</u>	<u>\$ 36,016</u>	<u>4.5</u>
Exercisable at December 31, 2023	18,213,108	\$ 3.60	\$ 36,016	4.5

As of December 31, 2023, total compensation cost related to Time Vesting Options not yet recognized was \$3.0 million, which will be recognized over a weighted-average period of 1.2 years. Unless otherwise prohibited by law in local jurisdictions, Time Vesting Options will continue to vest according to the 2017 Plan and the applicable award agreements.

The total intrinsic value of options exercised during the years ended December 31, 2023, 2022 and 2021 was \$9.2 million, \$29.6 million and \$24.9 million, respectively. The weighted-average grant date fair value of options granted during the year ended December 31, 2021 was \$10.32. No options were granted during the years ended December 31, 2023 and 2022.

The following table summarizes the weighted-average assumptions used in estimating the fair value of stock options granted to employees:

	Year Ended December 31, 2021 (1)
Risk-free interest rate	0.1 %
Dividend yield	— %
Expected volatility	55.0 %
Expected term (years)	1

- (1) The risk-free interest rate is based on the rates of U.S. Treasury securities with a maturity similar to the term to liquidity, continuously compounded. The expected equity volatility is estimated based on an analysis of guideline public companies' historical volatility. As these stock options were awarded prior to the IPO, the expected term was estimated based on management's assumptions of time to a liquidity event.

Restricted Stock Units

In September 2021, the Board approved the Omnibus Plan. Under the Omnibus Plan, RSUs are awarded to eligible employees and entitle the grantee to receive shares of common stock at the end of a vesting period. Unvested RSUs as of December 31, 2023 have varying vesting schedules, with the majority of shares vesting evenly over four years. Throughout the vesting period shareholders are subject to the market risk on the value of their shares.

The following is a summary of RSU activity for the year ended December 31, 2023:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2022	13,013,946	\$ 17.37
Granted	8,323,470	4.04
Forfeited	(1,995,186)	16.68
Vested (1)	(6,005,401)	20.03
Unvested balance at December 31, 2023	<u>13,336,829</u>	<u>\$ 7.96</u>

- (1) Includes 1.7 million shares that were net settled when released and returned to the share pool for future grants.

The total fair value of RSUs vested during the years ended December 31, 2023 and 2022 was \$32.4 million and \$189.6 million, respectively. No RSUs vested during the year ended December 31, 2021.

As of December 31, 2023, total compensation cost related to all RSUs not yet recognized was \$99.7 million, which will be recognized over a weighted-average period of 2.7 years.

Performance Stock Units

The Company grants PSUs to certain executives and employees under the Omnibus Plan, which include awards with a performance and time-based vesting as well as awards with market-based performance vesting components. The performance and time-based PSUs, or non-market-based PSUs, are subject to the Company's achievement of specified profit targets. The market-based awards are tied to the Company's performance against relative total shareholder return ("rTSR") targets. Both types of PSUs vest at the end of a three-year service period.

The following is a summary of PSU activity for the year ended December 31, 2023:

	Number of PSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2022	76,697	\$ 20.11
Granted (1)	737,483	8.44
Adjustment for PSUs expected to vest as of current period end	(718,483)	8.21
Forfeited	(7,565)	12.33
Vested	—	—
Unvested balance at December 31, 2023	88,132	\$ 20.11

(1) Reflects shares granted at 100%.

For compensation expense purposes, the fair value of the non-market-based PSUs was determined using the closing stock price on the grant date, and the fair value for the market-based PSUs was determined using a Monte-Carlo simulation.

As of December 31, 2023, total compensation cost related to PSUs not yet recognized was \$4.6 million. The unamortized expense is anticipated to be recognized over a weighted-average period of 1.7 years.

Note 11 – Benefit Plans

The Company sponsors a 401(k) plan for substantially all U.S. employees. Employees are allowed to make contributions to the plan through withholdings of their salary. The plan provides for the Company to make a discretionary matching contribution. Contributions to the plan for the years ended December 31, 2023, 2022 and 2021, totaled \$3.8 million, \$4.1 million and \$3.1 million, respectively. The Company also maintains similar defined contribution plans in the United Kingdom, Canada, Spain, Italy, Singapore, and Thailand. Total employer contributions under these plans for the years ended December 31, 2023, 2022 and 2021 were \$7.2 million, \$6.6 million and \$5.4 million, respectively.

Note 12 – Credit Agreements

The Company entered into a Senior Secured Credit Facilities (the “Term Loan”), dated October 12, 2017, most recently amended as of May 18, 2023, among the Company, the syndicate lenders thereto and Credit Suisse, AG, Cayman Islands Branch, as administrative agent, to finance, in part, the acquisition of all of the outstanding common stock of the Company. The Term Loan and the Revolver, together with any subsequent amendments, are collectively referred to as the Credit Agreement.

On March 26, 2021, the Company amended and restated its credit agreement (the “Amendment and Restatement”) to increase the term loan facility to a total of \$715.0 million. Also, as part of the facility, the aggregate revolving credit facility was increased from \$85.0 million to \$165.0 million.

On December 9, 2022, the Company amended and restated its credit agreement (the “Second Amendment and Restatement”) to (i) increase the amount of revolving credit commitments from \$165.0 million to \$300.0 million and (ii) transition the reference rate for the revolving borrowings under the Credit Agreement from LIBOR to SOFR and amend the applicable margins as specified therein.

On May 18, 2023, the Company amended and restated its credit agreement (the “Third Amendment and Restatement”) to transition the reference rate for the Term Loan borrowings under the Credit Agreement from LIBOR to SOFR.

Borrowings under the Term Loan bear interest at a rate per annum equal to an applicable margin based on the Company's leverage ratio, plus either (a) a base rate or (b) the SOFR rate, at the Company's option, subject to interest rate floors.

Borrowings under the Revolver bear interest at a rate per annum equal to an applicable margin based on the Company's leverage ratio, plus either (a) a base rate or (b) the SOFR rate at the Company's option. In addition to paying interest on outstanding borrowings under the Revolver, the Company is required to pay a commitment fee to the lenders under the Revolver in respect of unused commitments thereunder and customary letter of credit fees.

All obligations of the Company under the Senior Secured Credit Facilities provided by any lender party to the Senior Secured Credit Facilities or any of its affiliates and certain other persons are unconditionally guaranteed by a wholly owned subsidiary of Thoughtworks Holding, Inc., and each existing and subsequently acquired or organized direct or indirect wholly owned domestic restricted subsidiary of the Company, with customary exceptions including, among other things, where providing such guarantees is not permitted by law, regulation or contract or would result in material adverse tax consequences. All obligations under the Senior Secured Credit Facilities provided by any lender party to the Senior Secured Credit Facilities or any of its affiliates and certain other persons, and the guarantees of such obligations, are secured, subject to permitted liens and other exceptions, as outlined in the Senior Secured Credit Facilities.

The Term Loans and borrowings under our Revolver contain a number of financial and non-financial covenants that, among other things, restrict, subject to certain exceptions, the Company's ability and the ability of the Company's restricted subsidiaries to engage in certain activities, such as incur indebtedness or permit to exist any lien on any property or asset now owned or hereafter acquired, as specified in the debt facility.

The Credit Agreement requires compliance with certain covenants customary for agreements of this type. As of December 31, 2023, the Company was in compliance with its debt covenants.

The Company incurred and capitalized deferred financing fees, or third-party debt issuance costs, of \$0.1 million and \$3.6 million related to the restated credit agreement for the years ended December 31, 2023 and 2022, respectively. The debt issuance costs are recorded as reductions of the outstanding long-term indebtedness. The Term Loan is paid in equal quarterly installments in aggregate annual amounts equal to 1% of the original principal amount of the Term Loan.

On February 24, 2023, the Company made a voluntary prepayment of \$100.0 million on outstanding amounts owed on the Term Loan. As a result of the prepayment, the Company wrote off \$0.9 million of deferred financing fees, which is reflected in other (expense) income, net in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023.

The following table presents the Company's outstanding debt and borrowing capacity (in thousands):

	As of December 31,	
	2023	2022
Availability under revolving credit facility (due March 26, 2026)	\$ 300,000	\$ 300,000
Borrowings under revolving credit facility	—	—
Long-term debt (due March 24, 2028), including current portion (1)	293,185	399,006
Interest rate	8.0 %	6.9 %

(1) The balance includes deferred financing fees. A reconciliation of gross to net amounts is presented below.

The carrying value of the Company's credit facilities (including current maturities) is as follows (in thousands):

	As of December 31,	
	2023	2022
Long-term debt, less current portion	\$ 288,188	\$ 395,338
Capitalized deferred financing fees	(2,153)	(3,482)
Long-term debt	286,035	391,856
Current portion of long-term debt	7,150	7,150
Total debt carrying value	\$ 293,185	\$ 399,006

As of December 31, 2023, the Company's future principal cash payments for the Term Loan are as follows (in thousands):

	Total
2024	\$ 7,150
2025	7,150
2026	7,150
2027	7,150
2028	266,738
Total future principal cash payments	<u>\$ 295,338</u>

Note 13 – Accrued Expenses and Other Current Liabilities

The following is a summary of the Company's accrued expenses and other current liabilities (in thousands):

	As of December 31,	
	2023	2022
Contingent consideration	\$ —	\$ 14,255
Value-added tax and sales tax payable	4,821	7,526
Restructuring	3,503	—
Other accrued expenses	13,830	15,972
Accrued expenses and other current liabilities	<u>\$ 22,154</u>	<u>\$ 37,753</u>

Note 14 – Restructuring Actions

On August 8, 2023, the Company announced that its Board of Directors approved and committed to a structural reorganization (the "Reorganization") on August 7, 2023 that will (i) move its operational functions from a geographic to a centralized model, (ii) create a new organizational home for the majority of its client facing workforce, our Digital Engineering Center, and (iii) evolve its regional market structure. The majority of the actions were taken in the third quarter of 2023, and the Company expects actions to be completed by the end of the third quarter of 2024.

Thoughtworks expects to incur total pre-tax cash charges of approximately \$20 million to \$25 million (the "Total Charges"), of which \$18.9 million was recognized in 2023. The expected Total Charges include \$18 million to \$22 million in wage-related expenses, such as employee severance and related benefits, and \$2 million to \$3 million in non-wage related expenses, including costs related to reducing leased office space, vendor contract cancellations, professional fees and other reorganization costs.

The total costs related to the Reorganization are reported in restructuring in the consolidated statements of loss and comprehensive loss. The liability as of December 31, 2023 is reflected in accrued expenses and other current liabilities on the consolidated balance sheet. The table below summarizes the activities related to the restructuring for the year ended December 31, 2023 (in thousands):

	Wage-related expenses	Non-wage related expenses	Total
Liability as of December 31, 2022	\$ —	\$ —	\$ —
Charges	17,244	1,700	18,944
Payments	(13,913)	(684)	(14,597)
Non-cash items (1)	(197)	(647)	(844)
Liability as of December 31, 2023	<u>\$ 3,134</u>	<u>\$ 369</u>	<u>\$ 3,503</u>

- (1) Wage-related expenses includes stock-based compensation expense. Non-wage related expenses includes charges related to reducing leased office space.

Note 15 – Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated balance for each component of accumulated other comprehensive loss (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Foreign currency translation:			
Beginning balance	\$ (39,210)	\$ (10,844)	\$ (1,574)
Foreign currency translation gain/(loss)	2,859	(31,569)	(8,221)
Income tax (expense) benefit	(1,815)	3,203	(1,049)
Foreign currency translation, net of tax	1,044	(28,366)	(9,270)
Ending balance	(38,166)	(39,210)	(10,844)
Accumulated other comprehensive loss	<u>\$ (38,166)</u>	<u>\$ (39,210)</u>	<u>\$ (10,844)</u>

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report.

Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the guidelines set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on the evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023. Our management’s assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Remediation of Previously Reported Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As disclosed in Part I, Item 4 Controls and Procedures in our Amended Quarterly Reports on Form 10-Q for the quarters ended June 30, 2023 and September 30, 2023 filed with the SEC on February 26, 2024, a material weakness in internal control over financial reporting was identified in prior periods which was the result of the misclassification of cash flows related to the payment of contingent consideration within the condensed consolidated statement of cash flows. As a result, our principal executive officer and principal financial officer re-evaluated the disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective as of June 30, 2023 and September 30, 2023 due to the material weakness in internal control over financial reporting as described above.

In order to remediate the material weakness, during the quarter ended December 31, 2023, we designed and executed controls to review the classification of discrete, non-routine transactions within the statement of cash flows. We tested the new and enhanced controls as of December 31, 2023 and management has concluded, through its testing, that the control is operating effectively and the material weakness has been remediated as of December 31, 2023.

Changes in Internal Control Over Financial Reporting

Other than the changes noted above, there were no changes in our internal control over financial reporting (identified in management's evaluation pursuant to Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls and Procedures

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. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Insider Trading Arrangements and Policies

Our directors and executive officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) may purchase or sell shares of our common stock in the market from time to time, including pursuant to equity trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act and in compliance with guidelines specified by the Company's insider trading policy. During the three months ended December 31, 2023, none of our directors or executive officers of the Company adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

Item 11. Executive Compensation

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

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

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

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

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

Item 14. Principal Accounting Fees and Services

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

1. Financial Statements. Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.
2. Financial Statement Schedules. The financial statement schedules have been omitted as they are either not applicable or the required information is otherwise included.
3. Exhibits. The exhibits included below are filed or furnished as part of this Annual Report on Form 10-K or are incorporated herein by reference.

Exhibit Number	Description	Incorporated by Reference			Exhibit Number
		Form	File No.	Filing Date	
3.1	Fourth Amended and Restated Certificate of Incorporation	8-K	001-40812	September 20, 2021	3.1
3.2	Third Amended and Restated Bylaws	8-K	001-40812	September 20, 2021	3.2
4.1	Description of Securities	10-K	001-40812	March 8, 2022	4.1
4.2	Amended and Restated Registration Rights Agreement	S-1/A	333-258985	August 25, 2021	4.1
4.3	Amendment No. 1 to Amended and Restated Registration Rights Agreement	S-1/A	333-258985	August 25, 2021	4.2
10.1	Amended and Restated Credit Agreement, dated as of March 26, 2021	S-1/A	333-258985	August 25, 2021	10.1
10.2+	Thoughtworks Holding, Inc. 2021 Omnibus Incentive Plan	S-8	333-259702	September 21, 2021	10.1
10.3+	Thoughtworks Holding, Inc. 2021 Employee Stock Purchase Plan	S-8	333-259702	September 21, 2021	10.2
10.4+	Form of Thoughtworks U.K. Share Incentive Plan	S-8	333-259702	September 21, 2021	10.3
10.5+	Turing Holding Corp. (n/k/a Thoughtworks Holding, Inc.) 2017 Stock Option Plan	S-8	333-259702	September 21, 2021	10.4
10.6+	Form of Stock Option Agreement	S-8	333-259702	September 21, 2021	10.5
10.7+	Form of Restricted Stock Unit Agreement	10-Q	001-40812	November 15, 2021	10.11
10.8+	Form of Performance Share Unit Agreement	10-Q	001-40812	August 15, 2022	10.1
10.9+	Form of Performance Share Unit Agreement, as amended	10-Q	001-40812	May 9, 2023	10.1
10.10+	Form of Indemnification Agreement	S-1/A	333-258985	August 25, 2021	10.5
10.11+	Form of Thoughtworks Holding, Inc. Executive Severance Plan	S-1/A	333-258985	August 25, 2021	10.11
10.12+	Employment Agreement, dated as of October 12, 2017, by and between Thoughtworks, Inc. and Guo Xiao	S-1/A	333-258985	August 25, 2021	10.7
10.13+	Employment Agreement, dated as of October 12, 2017, by and between Thoughtworks, Inc. and Dr. Rebecca Parsons	S-1/A	333-258985	August 25, 2021	10.8
10.14+	Employment Agreement, dated as of October 19, 2017, by and between Thoughtworks, Ltd and Christopher Murphy	S-1/A	333-258985	August 25, 2021	10.9

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10.15+	Letter Agreement, dated as of August 10, 2021, by and between Thoughtworks, Inc. and Christopher Murphy	S-1/A	333-258985	August 25, 2021	10.10
10.16+	Employment Agreement dated as of October 19, 2017, by and between Thoughtworks, Ltd. and Erin Cummins	10-Q	001-40812	May 9, 2023	10.2
10.17+	Employment Agreement dated as of October 12, 2017, by and between Thoughtworks, Inc. and Sai Mandapaty	10-Q	001-40812	May 9, 2023	10.3
10.18+	Rebecca Parsons - Amendment to Employment Agreement dated August 3, 2023	8-K/A	001-40812	August 7, 2023	10.1
10.19+	Sai Mandapaty - Agreement and Release executed on November 2, 2023	10-Q	001-40812	November 7, 2023	10.1
10.20+*	Employment Agreement dated as of October 12, 2017, by and between Thoughtworks, Inc. and Ramona Mateiu				
10.21+*	Employment Agreement dated as of October 12, 2017, by and between ThoughtWorks Technologies (India) Private Limited and Sudhir Tiwari				
10.22+*	Sai Mandapaty - Second Agreement and Release executed on January 10, 2024				
10.23	Director Nomination Agreement, dated as of September 17, 2021, by and among the Company and the other signatories party thereto.	10-Q	001-40812	November 15, 2021	10.10
10.24	Incremental Amendment, dated as of March 30, 2021, to the Amended and Restated Credit Agreement	10-K	001-40812	February 28, 2023	10.16
10.25	Amendment No. 2 and Incremental Amendment to Amended and Restated Credit Agreement	8-K	001-40812	December 12, 2022	10.1
10.26	Amendment No. 3 to Amended and Restated Credit Agreement	10-Q	001-40812	August 8, 2023	10.1
21.1*	List of Subsidiaries				
23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm				
24.1*	Power of Attorney (included in signature page hereto)				
31.1**	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2**	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
97.1+*	Compensation Clawback Policy				
101.INS*	Inline 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				

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101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - (formatted as inline XBRL and contained in Exhibit 101)
+	Indicates management contracts or compensatory plans or arrangements
*	Filed herewith
**	Furnished herewith

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Date: February 27, 2024

THOUGHTWORKS HOLDING, INC.

By: /s/ Guo Xiao

Guo Xiao

Chief Executive Officer and Director

(Principal Executive Officer)

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Guo Xiao and Erin Cummins, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities as of February 27, 2024.

Signature	Title
<u>/s/ Guo Xiao</u> Guo Xiao	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>
<u>/s/ Erin Cummins</u> Erin Cummins	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>
<u>/s/ Ian Davis</u> Ian Davis	Chairman of the Board of Directors
<u>/s/ Robert Brennan</u> Robert Brennan	Director
<u>/s/ Jane Chwick</u> Jane Chwick	Director
<u>/s/ Rohan Haldea</u> Rohan Haldea	Director
<u>/s/ Gina Loftin</u> Gina Loftin	Director
<u>/s/ Salim Nathoo</u> Salim Nathoo	Director
<u>/s/ William Parrett</u> William Parrett	Director
<u>/s/ Roxanne Taylor</u> Roxanne Taylor	Director