

# Thoughtworks Q3 2022 Investor Presentation

Delivering extraordinary  
impact together

 /thoughtworks



# Safe harbor and non-GAAP reconciliation

**Forward-looking Statements.** Some of the information contained in this presentation by Thoughtworks Holding, Inc. (“Thoughtworks” or the “Company”) includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States 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: “believe,” “anticipate,” “plan,” “intend,” “estimate,” “expect,” “likely,” “seek,” “strive,” “may,” “could,” “should,” or “will” and similar references to future periods and the negative of such terms, but the absence of these words does not mean that a statement is not forward-looking. Examples of forward-looking statements that relate to our plans, projections, estimates and goals include, among others, statements we make regarding revenues and revenue growth, Adjusted EBITDA and Adjusted EBITDA Margin, Adjusted Diluted Earnings per Share (“Adjusted Diluted EPS”), and our beliefs that the demand market will continue to support the projected growth rates stated herein.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, projections, anticipated events or trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: our ability to attract skilled talent; the effects of competition on the future business of Thoughtworks; uncertainty regarding the demand for and market utilization of our services; the ability to maintain or acquire new client relationships; general business and economic conditions including such conditions related to inflation and foreign currency exchange rates; and our ability to successfully execute our growth strategy and strategic plans. Additional information concerning these and other risks and uncertainties may be found in the “Risk Factors” section of 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.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by law, Thoughtworks assumes no obligation to update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.



# Safe harbor and non-GAAP reconciliation

**Non-GAAP Financial Measures.** Certain financial metrics contained in this presentation, including among others, Adjusted Gross Profit, Adjusted Selling, General & Administrative expense, Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, and Revenue Growth rates in constant currency, which exclude the effect of foreign currency rate fluctuations, 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 financial measures provided should not be considered as a substitute for the comparable measures of financial performance prepared in accordance with GAAP. For more information regarding the non-GAAP financial measures discussed in this presentation, including a reconciliation of these non-GAAP measures to their corresponding GAAP measures, please see the Appendix to this presentation. For definitions of these non-GAAP measures, please see our press release for the most recent quarterly or annual results posted to the Investor Relations page of our website.

Some non-GAAP measures related to our financial outlook included in this presentation, our press release and the associated webcast were not reconciled to the comparable GAAP financial measures because the GAAP measures are not assessable on a forward-looking basis. We are unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include stock-based compensation, acquisition costs, income tax effects of adjustments and other items. The unavailable information could have a significant impact on our GAAP financial results. Based on the foregoing, we believe that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

**Industry & Market Data.** The market data, industry forecasts and other statistical information used in this presentation are based on third-party industry publications and surveys and internal Company sources. Industry forecasts are based on industry surveys and the preparer's expertise in the industry, and there can be no assurance that any of the industry forecasts will be achieved. We believe these data are reliable, but we have not independently verified the accuracy of this information nor have we ascertained the underlying assumptions relied upon in those sources, and we cannot assure you of the accuracy or completeness of such information contained in this presentation. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data, including industry forecasts and projections, involve risks and uncertainties and are subject to change based on various factors.

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# Who we are

**Integrity / Pursuit of Excellence / Global First / Cultivation / Curiosity /  
Autonomous Teams / Inclusivity / Courageous**

We strive 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 to become modern digital businesses

We are passionate about revolutionizing the technology industry, amplifying social change and advocating for an equitable tech future

We look to foster a vibrant community of diverse and passionate technologists

We aim to achieve enduring commercial success and sustained growth

We've been a  
shaping force of  
digital technology  
for 29 years

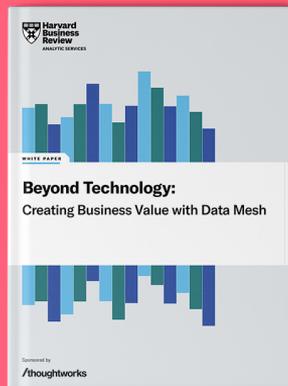
Agile development

CD / DevOps

Data engineering /  
platforms

Cloud native architecture

Organizational design



Domain-Driven Design  
with Java  
– A Practitioner's Guide

Create simple, elegant, and valuable software  
solutions for complex business problems

Premanand Chandrasekaran | Karthik Krishnan  
Foreword by Neal Ford, Brandon Byers, Allard Burgie



100+  
books written

xconf

# Through Thoughtworks' 29-year history

## 1990s

**1993**  
Thoughtworks was founded

**1999**  
**Guo Xiao** and **Dr. Rebecca Parsons** joined Thoughtworks

## 2000-2009

**2000**  
Opened offices in **Australia** and the **United Kingdom**

Led the industry in adopting a **distributed agile development approach**

**2001**  
Opened offices in **India** and **Canada**

Guo Xiao is featured in The Economist as an early adopter of **Extreme Programming (XP)**

**Manifesto for Agile Software Development** is published

Released **CruiseControl** open source software

**2004**  
Opened offices in **China**

**Selenium** is developed based on work started internally at Thoughtworks

Surpassed **500 Thoughtworkers**

**2005**  
Established **Thoughtworks University**

**2009**  
Opened offices in **Brazil**

Surpassed **1,000 Thoughtworkers**

## 2010-2014

**2010**  
Opened offices in **Germany**

Published **Continuous Delivery: Reliable Software Releases through Build, Test, and Deployment Automation**

Published first edition of Thoughtworks **Technology Radar**

**2012**  
Opened offices in **Singapore**

Started building **Bahmni**

**2013**  
Opened offices in **Ecuador**

**2014**  
Opened offices in **Italy**

Published **Microservices**

Surpassed **\$300m<sup>1</sup>** in annual revenues and **3,000 Thoughtworkers**

## 2015-2019

**2015**  
Collaborated with **Save the Children** in the fight against Ebola

Published **Building Microservices**

**2016**  
Opened offices in **Spain** and **Chile**

Winner of the AnitaB.org Institute's **Top Companies for Women Technologists**, winning again in 2017 and 2018, and recognized as a leader in 2019 and 2020

**2017**  
**The Apex Funds** acquired Thoughtworks

Surpassed **\$500m<sup>1</sup>** in annual revenues

**2018**  
Awarded **Daimler Supplier of the Year** for Innovation for 2017

Surpassed **5,000 Thoughtworkers**

**2019**  
Published **The Digital Transformation Game Plan: 34 Tenets for Masterfully Merging Technology and Business and How to Move Beyond a Monolithic Data Lake to a Distributed Data Mesh**

Surpassed **\$700m<sup>1</sup>** in annual revenues

## 2020-2022

**2020**  
Named a **strong performer** in The Forrester Wave™: Digital Product Development Services, Q2 2020<sup>2</sup>

Committed to the **Valuable 500**, the global movement putting disability on the business leadership agenda

Awarded **IT Vendor of the Year 2020** at the UK IT Industry Awards

**2021**  
Acquired **Gemini** and **Fourkind**

Listed as a public company on **Nasdaq**. Ticker symbol **TWKS**

Surpassed **10,000 Thoughtworkers**

Published **Software Architecture: The Hard Parts**

**2022**  
Acquired **Connected**, Canada<sup>3</sup>

Acquired **Handmade**, Brazil<sup>4</sup>

Named a **leader** in The Forrester Wave™: Modern Application Development Services, Q3 2022<sup>5</sup>

Opened office in **Vietnam**<sup>6</sup>

# Thoughtworks named a leader in The Forrester Wave™: Modern Application Development Services, Q3 2022<sup>5</sup>

According to the report:

“Thoughtworks is a strong choice for those committed to modernizing development capabilities, keeping up with continuous modernization, and building modern products.”



# With a growing global presence<sup>7</sup>

**NORTH AMERICA**  
9.6%

**EUROPE**  
14.5%

**LATIN AMERICA**  
15.9%

**INDIA**  
32.0%

**SOUTHEAST ASIA**<sup>6</sup>  
3.5%

**CHINA**  
21.0%

**AUSTRALIA**  
3.5%

**12,500+**  
Employees<sup>8</sup>

**42.2%**  
Women and  
Underrepresented  
Gender Minorities<sup>8</sup>

**1,000+**  
Q3 new joiners

**4.41/5.0**  
Q3 overall  
Glassdoor rating

# Thoughtworks snapshot - Q3 2022

**Q3 2022 revenue**  
**\$332M**  
 from Q3 2021 of \$285M

**Revenue growth<sup>10</sup>**  
**16.6%**  
 23.9% in constant currency<sup>10,11,12</sup>

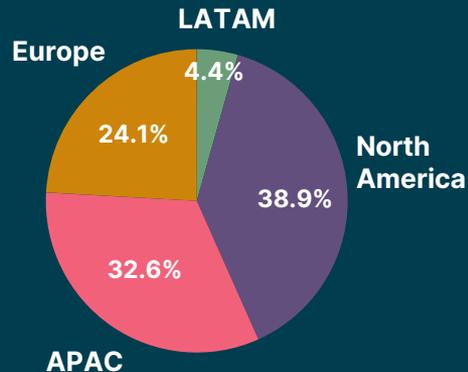
**Adjusted Gross Margin<sup>12</sup>**  
**40.7%**  
 from Q3 2021 of 45.7%

**Adjusted EBITDA<sup>12</sup>**  
**\$67M**  
 from Q3 2021 of \$66M

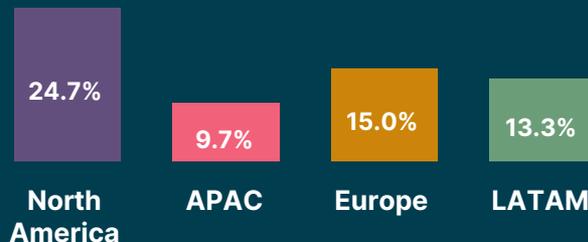
**Adjusted EBITDA Margin<sup>12</sup>**  
**20.2%**  
 from Q3 2021 of 23.3%

**Adjusted Diluted EPS<sup>12</sup>**  
**\$0.08**  
 from Q3 2021 of \$0.14

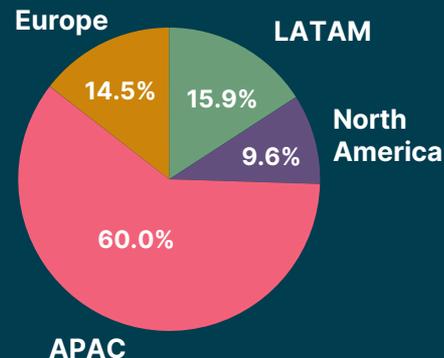
Revenues by customer location<sup>9</sup>



Revenue growth by customer location<sup>10</sup>



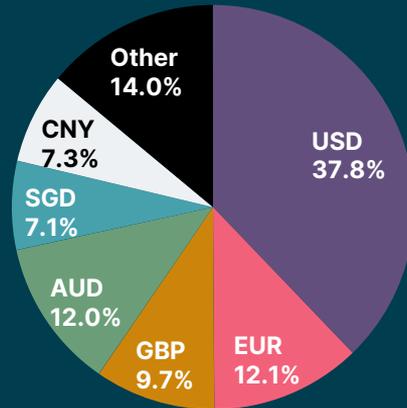
Employees by geography<sup>8</sup>



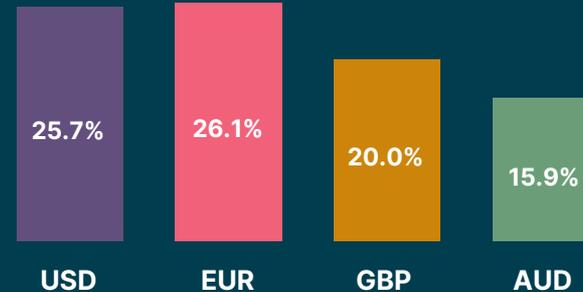
Founded in 1993 | 12,500+ employees<sup>8</sup> | 17 countries<sup>6</sup> | TWKS Nasdaq listed

# Q3 revenues by contracted currencies

Contracted currencies as a percentage of total revenues<sup>9,13</sup>



Revenue growth by major contracted currency<sup>9,14</sup>



# Our market is large and growing fast

**\$1.6TN<sup>15</sup>**  
2021

**>2x**  
GROWTH  
FOR DIGITAL  
TRANSFORMATION  
SERVICES

**\$3.4TN<sup>15</sup>**  
2026

## Key tailwinds

Cloud computing,  
digital platforms and  
IoT

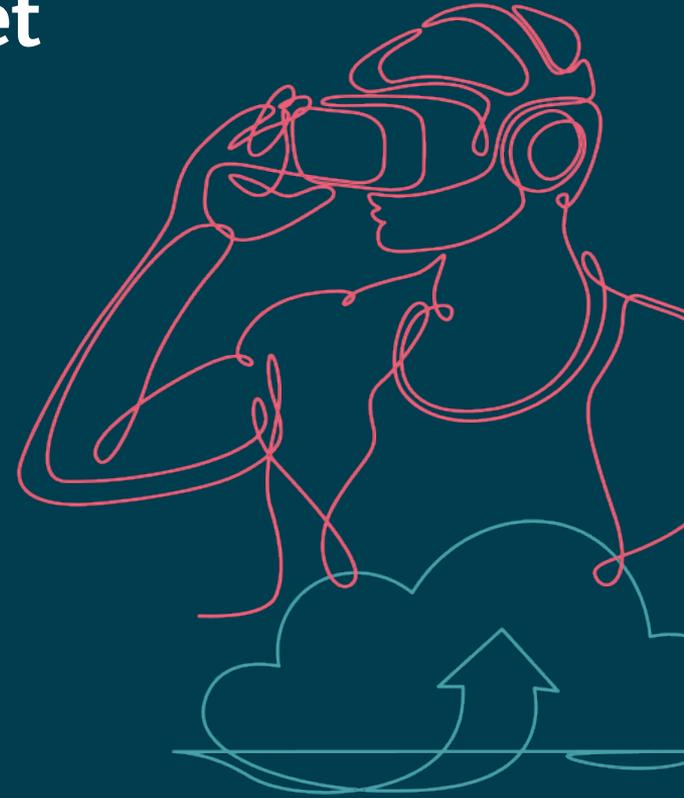
Rapid  
advancement of  
AI and ML

Customer  
experience at the  
forefront of growth

Acceleration of  
digital IT adoption  
partly due to  
COVID-19

# What market leaders are saying about the digital transformation market

- 67% of businesses are set to embrace emerging technologies by 2024<sup>16</sup>
- 44% of tech execs cite lack of talent in areas like data science and engineering as one of their biggest challenges<sup>16</sup>
- 78% of CFOs will increase or maintain enterprise digital investments through 2023 even if inflation persists<sup>17</sup>
- 60% of C-suite executives say that digital transformation is their most critical growth driver in 2022<sup>18</sup>
- Global “Whole Cloud” spending at 16.9% CAGR to 2025<sup>19</sup>
- Artificial intelligence market to grow 18.6% CAGR and reach \$900bn in 2026<sup>20</sup>
- Customer experience management market growing at 12.3% CAGR to 2026<sup>21</sup>



# With technology mega trends driving market growth

**Expansion of computing boundaries**

Rapid development of platforms, cloud and internet of things are pushing the technology industry to new heights

**Rapid advancement of AI- and ML-based tools**

AI and ML enhance productivity and drive digital transformation by making predictions to assist humans in making decisions, and in some cases, by automating decision-making and tasks completely

**Enhanced consumer experience**

The pervasiveness of technology has enhanced modern consumer experiences with the integration of digital and physical worlds, such as augmented reality, virtual reality and mixed reality

**Accelerating towards sustainability**

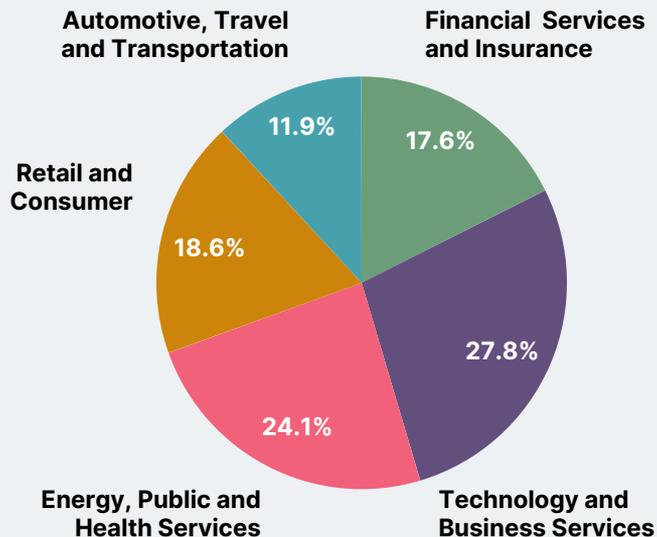
Increasing focus on sustainability requires business to examine their environmental impact and to adopt more sustainable strategies and technologies, such as green cloud optimization

**Growing impact of hostile tech and increased focus on information privacy**

The increased complexity of technology presents a heightened risk of cyber attacks, computer malware, viruses, social engineering, employee misuse as well as data and security breaches

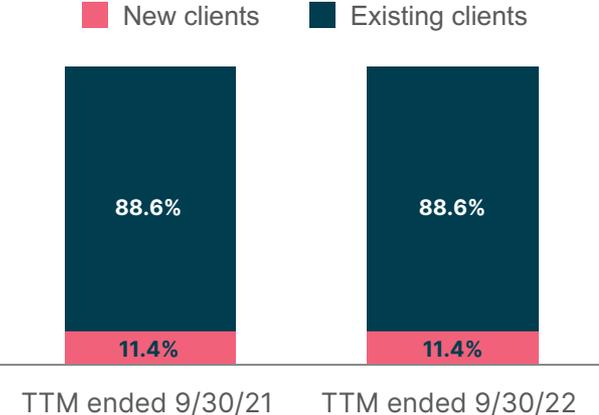
# A diverse portfolio across geographies and verticals

Revenues by industry<sup>22</sup>

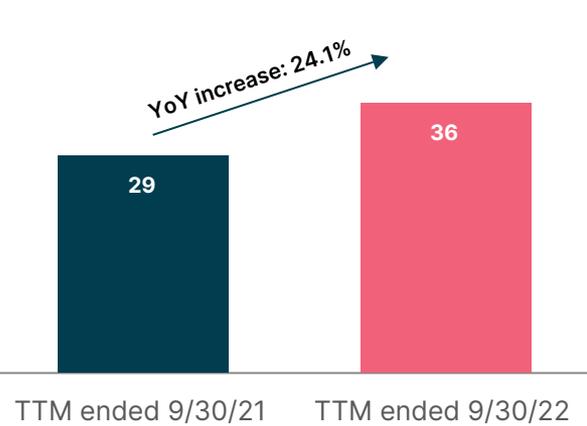


# Rapid growth and a strong capability to develop client relationships

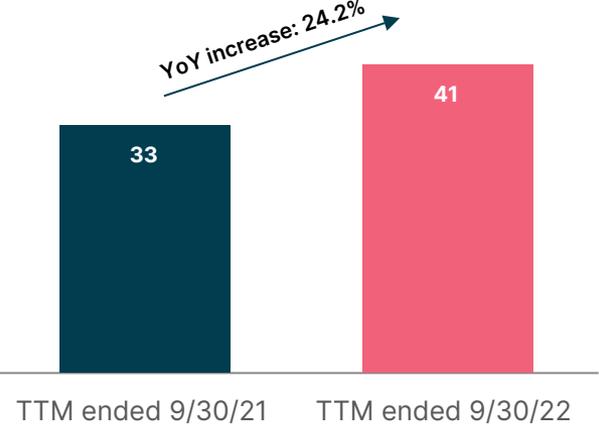
% of trailing twelve month (TTM) revenue from existing clients<sup>23</sup>



# of clients with TTM revenues of \$10M+



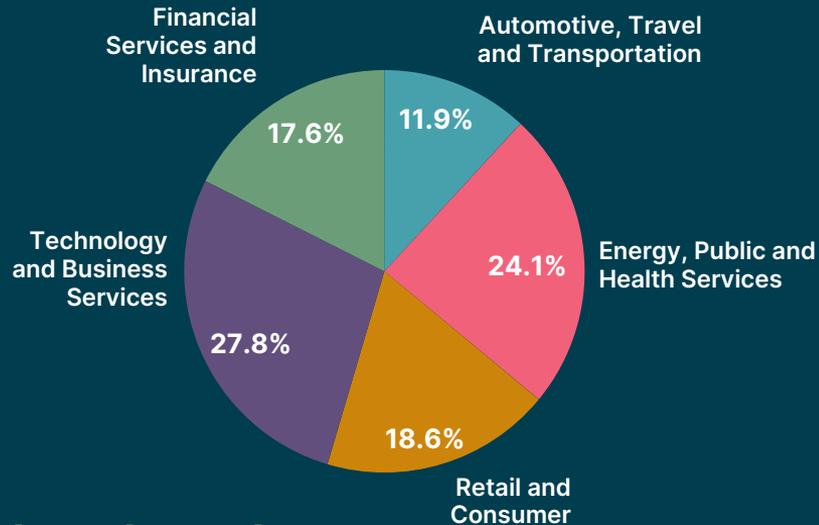
# of clients with TTM bookings \$10M+



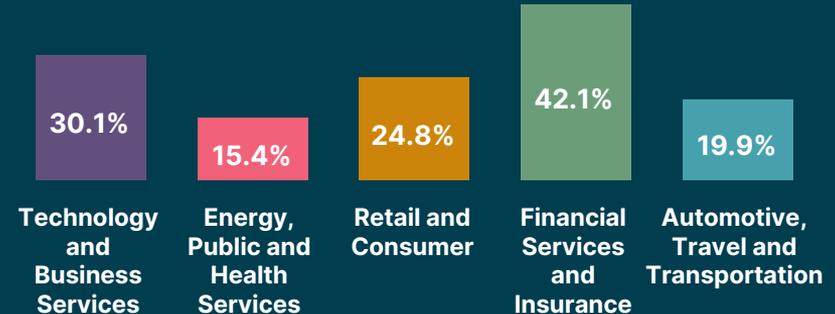
## Average relationship of seven years for top 10 clients<sup>24</sup>

# Diverse revenue base and strong growth across our main markets

Revenues by industry<sup>22</sup>



Revenue growth by industry<sup>10,22</sup>



# Valued by our clients



Our ability to digitally transform global enterprises at scale by applying strategic consulting and cutting-edge technologies



Our deep agile and technical expertise and thought leadership



Our poly-skilled, transformational and global talent



Our global distributed agile delivery with a strong local presence



Our award-winning and cultivating culture



# Our core services

## Enterprise Modernization, Platforms and Cloud

Modernize complex IT estates, operations, platforms, development and delivery practices to rapidly unleash business value

## Customer Experience, Product and Design

Accelerate value creation through extraordinary digital products and customer experiences powered by integrated technology and design

## Data and AI

Enable data-driven intelligent products and business insights with pragmatic data strategies, governance, engineering, predictive AI, automation and ML capabilities

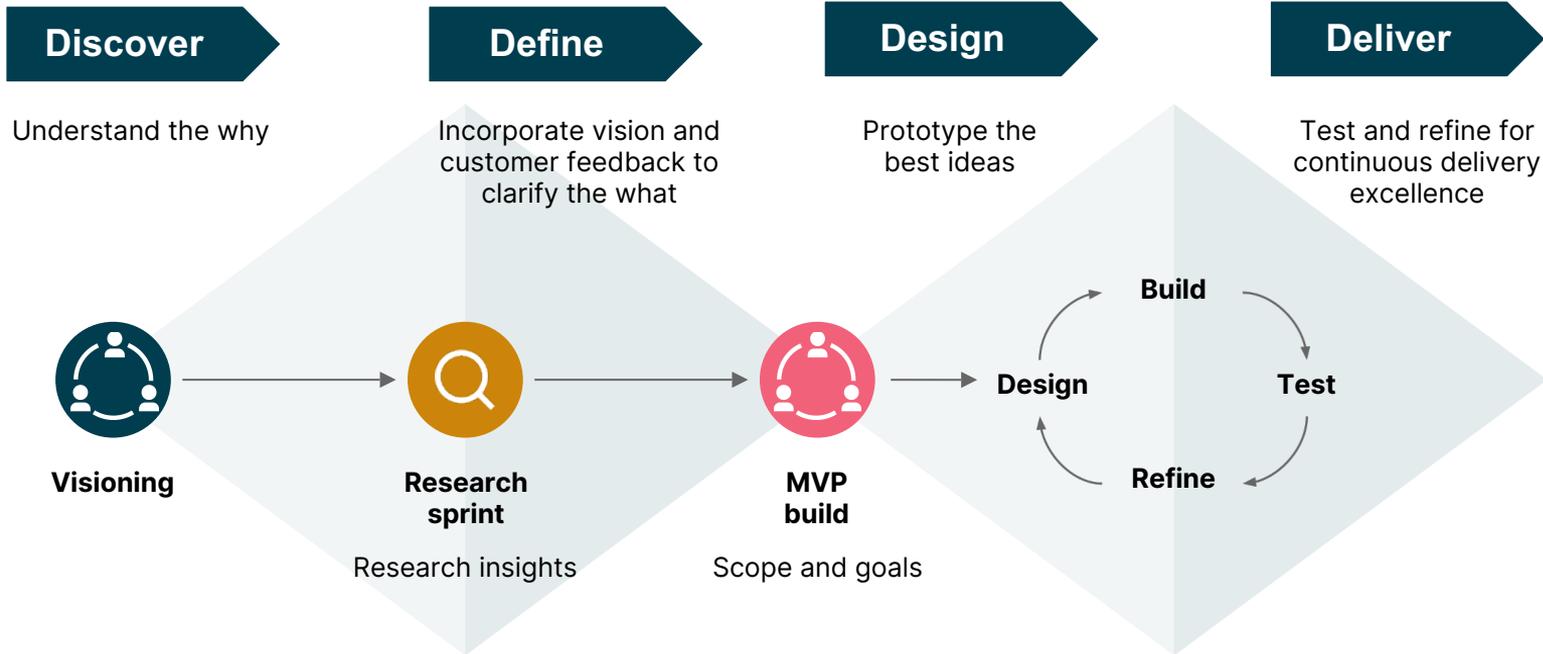
## Digital Transformation and Operations

Provide organizations with executable digital strategies, frictionless operating models and transformation services

End-to-end digital partner combining strategy, software engineering, design and organizational transformation

# Thoughtworks' approach delivers value fast

We deliver extraordinary impact for our clients via a collaborative and co-creative process that utilizes a thin slice approach to deliver value with incremental change on an accelerated timeline.

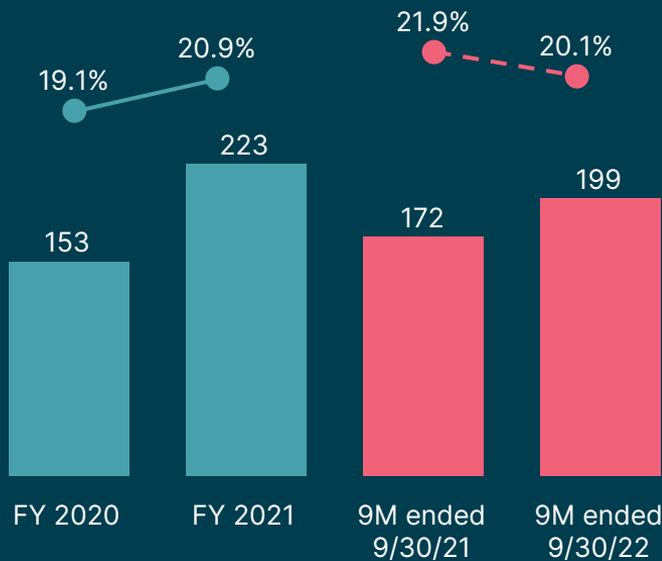


# A history of robust financials

Revenues (\$M)



Adjusted EBITDA (\$M) and Margin<sup>12</sup>



Q3 YTD  
Adjusted gross margin<sup>12</sup>  
**42.3%**

Cash balance<sup>8</sup>  
**\$185M**

Debt<sup>8</sup>  
**\$404M**

Q3 YTD  
Adjusted Diluted EPS<sup>12</sup>  
**\$0.33**

# Led by a highly-experienced team

## Board of directors



**Ian Davis, Chair**  
Former Worldwide Managing Director  
of McKinsey & Company



**Guo Xiao**  
Chief Executive Officer  
and Director



**Robert Brennan, Director**  
Former Executive Director of CA  
Technologies, former CEO of Veracode



**Jane Chwick, Director**  
Former Partner at Goldman Sachs



**Rohan Haldea, Director**  
Partner at Apax Partners and  
formerly at Bain Capital



**Gina Loften, Director**  
Former Chief Technology Officer  
Microsoft US, formerly at IBM



**Salim Nathoo, Director**  
Partner at Apax Partners



**William Parrett, Director**  
Former Senior Partner of  
Deloitte & Touche USA LLP



**Roxanne Taylor, Director**  
Former Chief Marketing Officer of  
Accenture

## Global Management Team - average tenure of 16 years



**Guo Xiao**  
Chief Executive Officer  
23-year tenure



**Erin Cummins**  
Chief Financial Officer  
18-year tenure



**Peter Buhrmann**  
Regional Managing  
Director, Europe  
10-year tenure



**Carol Cintra**  
Regional Managing  
Director, LATAM  
11-year tenure



**Martin Fowler**  
Chief Scientist  
23-year tenure



**Sai Mandapaty**  
Chief Commercial  
Officer  
12-year tenure



**Ramona Mateiu**  
Chief Legal and  
Compliance Officer  
13-year tenure



**Chris Murphy**  
Chief Executive Officer,  
North America  
18-year tenure



**Joanna Parke**  
Chief Talent and  
Operating Officer  
19-year tenure



**Rebecca Parsons**  
Chief Technology Officer  
23-year tenure



**Sudhir Tiwari**  
Regional Managing  
Director, India &  
Middle East  
17-year tenure



**Kristan Vingrys**  
Regional Managing  
Director, APAC  
16-year tenure



**Chad Wathington**  
Chief Strategy Officer  
18-year tenure



**Julie Woods-Moss**  
Chief Marketing Officer  
3-year tenure



**Zhang Song**  
Co-Managing Director,  
China and Global  
Service Lines Lead  
15-year tenure

# Building on an established commitment to ESG



## Environmental

- Commitment to Science Based Targets initiative (SBTi); targets awaiting validation
- We expect to cut scope 1 & 2 GHG emissions by 50% by 2030 and scope 3 by 85%<sup>25</sup> and to source 100% renewable electricity by 2030
- Co-founder of the Green Software Foundation (GSF)
- Creator of Cloud Carbon Footprint, a multi-cloud, open source cloud emissions calculator
- EcoVadis Silver Sustainability Medal

## Social

- Top 5% of the technology industry for diversity, equity and inclusion with a score of 8.9<sup>26</sup>
- 42.2% women and underrepresented gender minorities (WUGM) globally<sup>8</sup>
- 39.7% WUGM in tech roles<sup>8</sup>
- Member of the Digital Public Goods Alliance: three open source tools recognized as Digital Public Goods
- Thought leader in Responsible technology

## Governance

- 33% WUGM board of directors<sup>28</sup>
- 56% WUGM executive officers<sup>27,28</sup>
- Separate Chair and CEO
- Independent board members (eight of nine)<sup>28</sup>
- Mandatory security training for all employees

# With an unwavering commitment to creating positive social impact through our technology contributions

## UN Sustainable Development Goals



Healthcare as a human right



Education for all



Striving for equity in tech



Responsible tech and innovation



Inclusivity, social justice and equity



Climate action and sustainability

## Select ongoing partnerships



Open source hospital info system

Global



Rural Education Action Program

China



A platform to support all 17 SDGs

North America



Mozilla foundation partnership

Global



Disability inclusion

Global



Decarbonizing the software industry

Global

# And the growth strategies to win in this large and fast growing market

Deepen our relationships with existing clients

Establish new client relationships

Develop new technical capabilities and client solutions

Develop and grow our strategic partnerships

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AWS Premier Services Partner

Focused geographic expansion

---

Expanding into Vietnam

Pursue strategic, targeted acquisitions

---

Acquired Handmade, Brazil

Acquired Connected, Canada

# Investment highlights



1

Digital-native consultancy with differentiated thought leadership

2

Diverse client base - geography and industry vertical

3

Global talent where our clients operate

4

Culture that attracts and retains the highest quality talent

5

Premium position and high adjusted gross margins

6

Rapidly growing with robust adjusted EBITDA margins

Premium brand | Rapid growth | Strong margins | Highly-diversified

# Footnotes

1. Unaudited financial information for 2014 through 2018. 2014 through 2018 revenues were calculated according to a prior accounting standard, ASC 605, and may not be directly comparable to our 2019 to 2022 revenues, which use ASC 606. Our adoption of ASC 606 as of January 1, 2019 did not materially impact our revenues.
2. See: <https://www.thoughtworks.com/about-us/news/2020/named-strong-performer-digital-product-development-services>
3. Announced April 27, 2022. See: <https://investors.thoughtworks.com/news-releases/news-release-details/thoughtworks-acquires-leading-product-development-consultancy>
4. Announced August 16, 2022. See: <https://investors.thoughtworks.com/news-releases/news-release-details/thoughtworks-completes-acquisition-handmade-design-boost-cx-and>
5. See: [www.thoughtworks.com/what-we-do/enterprise-modernization-platforms-cloud/forrester-wave-modern-application-development-services](http://www.thoughtworks.com/what-we-do/enterprise-modernization-platforms-cloud/forrester-wave-modern-application-development-services)
6. Thoughtworks operated in 17 countries as of September 30, 2022. We formally established operations in Vietnam as of October 10, 2022.
7. Employee concentration as of September 30, 2022
8. As of September 30, 2022
9. For the three months ended September 30, 2022
10. Reported YoY percentage growth rates calculated by comparison to prior year's corresponding period
11. Revenue Growth Rate at Constant Currency is calculated by translating the current period revenues into U.S. dollars at the weighted average exchange rates of the prior period of comparison
12. Adjusted EBITDA, and certain other measures in this deck, are Non-GAAP financial measures. For more information regarding the non-GAAP financial measures discussed in this presentation including a reconciliation of these non-GAAP measures to their corresponding GAAP measures, please see the Appendix to this presentation. For definitions of these non-GAAP measures, please see our press release for the most recent quarter-ended posted to the Investor Relations page of our website
13. Represents contracts with customers by contracted currency, or by sales location.
14. Represents contracts with customers by contracted currency, or by sales location. Major contracted currencies represent currencies that are 10% or more of total revenues.
15. Source: IDC press release <https://www.idc.com/getdoc.jsp?containerId=prUS4979722>
16. Source: KPMG Global Tech Report 2022: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/09/kpmg-global-tech-report-2022.pdf>
17. Source: Gartner® press release, [Gartner Says 78% of CFOs Will Increase or Maintain Enterprise Digital Investments Through 2023 Even if Inflation Persists](#), May 25, 2022. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.
18. Source: [PwC Pulse Survey: Executive views on business in 2022](#) © 2022 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.
19. Source: IDC, Worldwide Whole Cloud Forecast, 2021–2025, Doc # US47397521, Sep 2021 <https://www.idc.com/getdoc.jsp?containerId=prUS48208321>
20. Source: IDC press release <https://www.idc.com/getdoc.jsp?containerId=prEUR249536522>
21. Source: MarketsandMarkets <https://www.marketsandmarkets.com/Market-Reports/customer-experience-management-cem-market-543.html>
22. For the nine months ended September 30, 2022
23. Defined as clients for whom we have done work and generated revenues in excess of \$25,000 within the preceding twelve months
24. Top 10 clients are determined by spend for the year ended December 31, 2021
25. 85% reduction per employee
26. Peakon employment survey October 2021
27. Executive officer is defined as an “officer” pursuant to Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended
28. As of November 14, 2022

# Delivering extraordinary impact together



**/**thoughtworks

# Appendix



# Reconciliation of Non-GAAP financial measures

(in thousands, except percentages)

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,	
	2022	2021	2022	2021	2021	2020
<b>Net (loss) income</b>	\$ (31,391)	\$ (25,235)	\$ (121,287)	\$ 11,502	\$ (23,623)	\$ 79,283
Income tax expense	16,027	643	19,348	15,605	10,148	23,164
Interest expense	5,871	6,734	15,502	20,316	25,456	25,767
Other (income) expense, net	(2,056)	(162)	(1,731)	(306)	1,671	(185)
Unrealized foreign exchange losses	15,446	1,393	24,953	3,912	5,024	(5,351)
Stock-based compensation	48,905	73,192	224,827	83,428	157,946	1,667
Depreciation and amortization	8,905	7,661	25,561	21,702	29,528	26,528
Acquisition costs (a)	1,742	450	3,044	7,936	8,524	633
Certain professional fees (b)	766	145	1,632	1,991	1,991	56
Non-recurring tender offer compensation expense (c)	—	—	—	2,715	2,715	—
Business rationalization (d)	—	—	—	—	—	1,316
IPO-related costs (e)	—	1,638	—	2,713	2,713	315
Employer payroll related expense on employee equity incentive plan (f)	2,950	—	6,447	—	1,154	—
Final tax assessment for closed operations (g)	—	—	258	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 67,165</b>	<b>\$ 66,459</b>	<b>\$ 198,554</b>	<b>\$ 171,514</b>	<b>\$ 223,247</b>	<b>\$ 153,193</b>
<b>Net (loss) income margin</b>	(9.4)%	(8.9)%	(12.3)%	1.5 %	(2.2)%	9.9 %
<b>Adjusted EBITDA Margin</b>	20.2 %	23.3 %	20.1 %	21.9 %	20.9 %	19.1 %

(a) Reflects costs for certain professional fees and retention wage expenses related to certain acquisitions.

(b) Adjusts for certain transaction expenses, non-recurring legal expenses, and one-time professional fees.

(c) Adjusts for the additional compensation expense related to the tender offer completed in the first quarter of 2021.

(d) Adjusts for business rationalization revenues and costs related to closing Thoughtworks Studios, which ceased operations as of December 31, 2020.

(e) Adjusts for IPO-readiness costs and expenses that do not qualify as equity issuance costs.

(f) 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.

(g) Adjusts for certain tax related expenses related to final tax assessments from closing operations in Uganda, which was completely shut down in 2015.

# Reconciliation of Non-GAAP financial measures

(in thousands, except percentages, number of shares and earnings per share)

	Three Months Ended September 30,		Nine Months Ended September 30,
	2022	2021	2022
<b>Net (loss) income</b>	\$ (31,391)	\$ (25,235)	\$ (121,287)
Unrealized foreign exchange losses	15,446	1,393	24,953
Stock-based compensation	48,905	73,192	224,827
Amortization of acquisition-related intangibles	3,449	3,018	9,744
Acquisition costs (a)	1,742	450	3,044
Certain professional fees (b)	766	145	1,632
Non-recurring tender offer compensation expense (c)	—	—	—
IPO-related costs (d)	—	1,638	—
Employer payroll related expense on employee equity incentive plan (e)	2,950	—	6,447
Final tax assessment for closed operations (f)	—	—	258
Change in fair value of contingent consideration (g)	(2,955)	—	(2,427)
Income tax effects of adjustments (h)	(12,154)	(17,413)	(39,433)
<b>Adjusted Net Income</b>	<b>\$ 26,758</b>	<b>\$ 37,188</b>	<b>\$ 107,758</b>
<b>GAAP diluted weighted average common shares outstanding</b>	311,621,233	241,351,052	309,481,860
Employee stock options and RSUs	19,938,732	20,968,124	20,760,011
<b>Adjusted diluted weighted average common shares outstanding</b>	<b>331,559,965</b>	<b>262,319,176</b>	<b>330,241,871</b>
<b>GAAP diluted loss per common share</b>	\$ (0.10)	\$ (0.10)	\$ (0.39)
<b>Adjusted Diluted EPS</b>	\$ 0.08	\$ 0.14	\$ 0.33
<b>Gross profit, GAAP</b>	\$ 96,440	\$ 101,106	\$ 246,397
Stock-based compensation	33,426	25,756	155,771
Employer payroll related expense on employee equity incentive plan (e)	1,875	—	4,152
Depreciation expense	3,603	3,488	10,198
<b>Adjusted Gross Profit</b>	<b>\$ 135,344</b>	<b>\$ 130,350</b>	<b>\$ 416,518</b>
<b>Gross margin, GAAP</b>	29.0 %	35.5 %	25.0 %
<b>Adjusted Gross Margin</b>	40.7 %	45.7 %	42.3 %

(a) Reflects costs for certain professional fees and retention wage expenses related to certain acquisitions.

(b) Adjusts for certain transaction expenses, non-recurring legal expenses, and one-time professional fees.

(c) Adjusts for the additional compensation expense related to the tender offer completed in the first quarter of 2021.

(d) Adjusts for IPO-readiness costs and expenses that do not qualify as equity issuance costs.

(e) 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.

(f) Adjusts for certain tax related expenses related to final tax assessments from closing operations in Uganda, which was completely shut down in 2015.

(g) Adjusts for the non-cash adjustment to the fair value of contingent consideration.

(h) Adjusts for the income tax effects of the foregoing adjusted items.