

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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

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 13(a) of the Exchange Act.

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

As of November 2, 2023, there were 318,425,521 shares of the registrant's common stock outstanding.

**THOUGHTWORKS HOLDING, INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
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## FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (the "Quarterly 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 section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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 Quarterly Report. You should read this Quarterly Report and the documents that we have filed as exhibits hereto, completely and with the understanding that our actual future results may be materially different from what we expect.

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

- our business has been, and may continue to be, adversely affected by volatile or uncertain operational, geopolitical, regulatory, legal and economic conditions;
- our restructuring actions may not be successful, may impact our business and financial performance, and may result in additional costs;
- our business, financial condition and results of operations may be adversely affected by fluctuations in foreign currency exchange rates;
- increases in wages, equity compensation and other compensation expenses could prevent us from sustaining our competitive advantage and increase our costs;
- our effective tax rate could be materially adversely affected by several factors;
- we may not be successful at attracting new clients or retaining and expanding our relationships with our existing clients;
- we generally do not have long-term commitments or contracts with our clients;
- we face risks associated with having a long selling and implementation cycle for our services;
- 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 profitability could suffer if we cannot accurately price our solutions and services, maintain favorable pricing for our solutions and services, are unable to collect on receivables from clients or fail to meet our contractual and other obligations to clients;
- we may be unable to implement our strategy;
- our ability to generate and retain business depends on our reputation in the marketplace;
- our business and operations may be harmed if we cannot positively evolve and preserve our Thoughtworks culture;
- if we fail to manage our acquisition strategy, our culture and growth plans could be materially adversely affected;
- 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;
- 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 face intense competition and operate in a rapidly evolving industry, which makes it difficult to evaluate our future prospects;
- 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 existing indebtedness could adversely affect our business and growth prospect;
- 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; and
- other factors disclosed in the subsection entitled "Risk Factor Summary" and the section entitled "Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission (the "SEC") on February 28, 2023 (the "2022 Annual Report") and the section entitled "Risk Factors" in this Quarterly Report.

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 disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report and in our 2022 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 SEC filings and public communications. You should evaluate all forward-looking statements made in this Quarterly 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 Quarterly 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.

## PART I. FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements (Unaudited)

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

	September 30, 2023	December 31, 2022
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 87,405	\$ 194,294
Trade receivables, net of allowance of \$9,074 and \$9,531, respectively	153,318	201,695
Unbilled receivables	141,838	122,499
Prepaid expenses and other current assets	31,223	38,202
Total current assets	413,784	556,690
Property and equipment, net	28,592	38,798
Right-of-use assets	42,316	43,123
Intangibles and other assets:		
Goodwill	416,372	405,017
Trademark	273,000	273,000
Customer relationships, net	115,230	124,047
Other non-current assets	23,451	21,175
Total assets	\$ 1,312,745	\$ 1,461,850
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 4,119	\$ 5,248
Long-term debt - current	7,150	7,150
Income taxes payable	8,470	22,781
Accrued compensation	80,286	85,477
Accrued expenses and other current liabilities	32,860	42,920
Lease liabilities, current	14,709	15,994
Total current liabilities	147,594	179,570
Lease liabilities, non-current	30,007	29,885
Long-term debt, less current portion	287,706	391,856
Deferred tax liabilities	46,135	62,555
Other long-term liabilities	23,388	19,762
Total liabilities	534,830	683,628
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock, \$0.001 par value; 100,000,000 shares authorized, zero issued and outstanding at September 30, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.001 par value; 1,000,000,000 shares authorized, 368,678,928 and 366,306,970 issued, 318,073,825 and 315,681,987 outstanding at September 30, 2023 and December 31, 2022, respectively	369	366
Treasury stock, 50,605,103 and 50,624,983 shares at September 30, 2023 and December 31, 2022, respectively	(624,687)	(624,934)
Additional paid-in capital	1,615,417	1,565,514
Accumulated other comprehensive loss	(43,439)	(39,210)
Retained deficit	(169,745)	(123,514)
Total stockholders' equity	777,915	778,222
Total liabilities and stockholders' equity	\$ 1,312,745	\$ 1,461,850

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494
Operating expenses:				
Cost of revenues	185,985	244,139	591,845	744,366
Selling, general and administrative expenses	81,840	91,682	254,806	295,799
Depreciation and amortization	5,997	5,303	17,413	15,364
Restructuring	15,566	—	15,566	—
Total operating expenses	289,388	341,124	879,630	1,055,529
Loss from operations	(9,229)	(8,677)	(5,200)	(70,035)
Other (expense) income:				
Interest expense	(6,649)	(5,871)	(19,661)	(15,502)
Net realized and unrealized foreign currency loss	(8,813)	(12,129)	(7,658)	(18,903)
Other income (expense), net	43	2,056	(545)	1,731
Total other expense	(15,419)	(15,944)	(27,864)	(32,674)
Loss before income taxes	(24,648)	(24,621)	(33,064)	(102,709)
Income tax expense	1,204	13,987	13,167	18,792
Net loss	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(3,820)	(19,217)	(4,229)	(45,448)
Comprehensive loss	\$ (29,672)	\$ (57,825)	\$ (50,460)	\$ (166,949)
<b>Net loss per common share:</b>				
Basic loss per common share	\$ (0.08)	\$ (0.12)	\$ (0.15)	\$ (0.39)
Diluted loss per common share	\$ (0.08)	\$ (0.12)	\$ (0.15)	\$ (0.39)
<b>Weighted average shares outstanding:</b>				
Basic	317,805,140	311,621,233	317,204,506	309,481,860
Diluted	317,805,140	311,621,233	317,204,506	309,481,860

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

**THOUGHTWORKS HOLDING, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)**  
(In thousands, except share data)

	Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
	Shares	Amount	Shares	Amount				
<b>Balance as of December 31, 2021</b>	305,132,181	\$ 356	50,985,571	\$ (629,424)	\$ 1,359,149	\$ (10,844)	\$ (17,280)	\$ 701,957
Net loss	—	—	—	—	—	—	(43,585)	(43,585)
Other comprehensive loss, net of tax	—	—	—	—	—	(5,471)	—	(5,471)
Issuance of common stock for equity incentive awards, net of withholding taxes	4,736,820	5	—	—	(28,047)	—	—	(28,042)
Reissuance of treasury shares for equity incentive awards	155,806	—	(155,806)	1,940	(1,796)	—	—	144
Stock-based compensation expense	—	—	—	—	100,183	—	—	100,183
Cumulative effect related to adoption of ASU 2016-13	—	—	—	—	—	—	(841)	(841)
<b>Balance as of March 31, 2022</b>	310,024,807	\$ 361	50,829,765	\$ (627,484)	\$ 1,429,489	\$ (16,315)	\$ (61,706)	\$ 724,345
Net loss	—	—	—	—	—	—	(39,308)	(39,308)
Other comprehensive loss, net of tax	—	—	—	—	—	(20,760)	—	(20,760)
Issuance of common stock for equity incentive awards, net of withholding taxes	888,186	1	—	—	2,442	—	—	2,443
Reissuance of treasury shares for equity incentive awards	51,311	—	(51,311)	639	(496)	—	—	143
Stock-based compensation expense	—	—	—	—	68,965	—	—	68,965
<b>Balance as of June 30, 2022</b>	310,964,304	\$ 362	50,778,454	\$ (626,845)	\$ 1,500,400	\$ (37,075)	\$ (101,014)	\$ 735,828
Net loss	—	—	—	—	—	—	(38,608)	(38,608)
Other comprehensive loss, net of tax	—	—	—	—	—	(19,217)	—	(19,217)
Issuance of common stock for equity incentive awards, net of withholding taxes	3,633,347	3	—	—	(13,635)	—	—	(13,632)
Reissuance of treasury shares for equity incentive awards	135,731	—	(135,731)	1,690	(1,541)	—	—	149
Stock-based compensation expense	—	—	—	—	59,160	—	—	59,160
<b>Balance as of September 30, 2022</b>	314,733,382	\$ 365	50,642,723	\$ (625,155)	\$ 1,544,384	\$ (56,292)	\$ (139,622)	\$ 723,680

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	Common Stock		Treasury		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
	Shares	Amount	Shares	Amount				
<b>Balance as of December 31, 2022</b>	315,681,987	\$ 366	50,624,983	\$ (624,934)	\$ 1,565,514	\$ (39,210)	\$ (123,514)	\$ 778,222
Net loss	—	—	—	—	—	—	(8,107)	(8,107)
Other comprehensive income, net of tax	—	—	—	—	—	242	—	242
Issuance of common stock for equity incentive awards, net of withholding taxes	1,189,600	1	—	—	(180)	—	—	(179)
Reissuance of treasury shares for equity incentive awards	12,798	—	(12,798)	159	(159)	—	—	—
Stock-based compensation expense	—	—	—	—	17,679	—	—	17,679
<b>Balance as of March 31, 2023</b>	316,884,385	\$ 367	50,612,185	\$ (624,775)	\$ 1,582,854	\$ (38,968)	\$ (131,621)	\$ 787,857
Net loss	—	—	—	—	—	—	(12,272)	(12,272)
Other comprehensive loss, net of tax	—	—	—	—	—	(651)	—	(651)
Issuance of common stock for equity incentive awards, net of withholding taxes	756,478	1	—	—	1,187	—	—	1,188
Reissuance of treasury shares for equity incentive awards	7,082	—	(7,082)	88	(88)	—	—	—
Stock-based compensation expense	—	—	—	—	17,606	—	—	17,606
<b>Balance as of June 30, 2023</b>	317,647,945	\$ 368	50,605,103	\$ (624,687)	\$ 1,601,559	\$ (39,619)	\$ (143,893)	\$ 793,728
Net loss	—	—	—	—	—	—	(25,852)	(25,852)
Other comprehensive loss, net of tax	—	—	—	—	—	(3,820)	—	(3,820)
Issuance of common stock for equity incentive awards, net of withholding taxes	425,880	1	—	—	1,052	—	—	1,053
Stock-based compensation expense	—	—	—	—	12,806	—	—	12,806
<b>Balance as of September 30, 2023</b>	318,073,825	\$ 369	50,605,103	\$ (624,687)	\$ 1,615,417	\$ (43,439)	\$ (169,745)	\$ 777,915

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



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

	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net loss	\$ (46,231)	\$ (121,501)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	27,367	25,561
Bad debt expense	4,145	2,447
Deferred income tax benefit	(21,759)	(24,989)
Stock-based compensation expense	48,091	228,308
Unrealized foreign currency exchange loss	9,488	22,242
Non-cash lease expense on right-of-use assets	13,935	13,807
Other operating activities, net	2,599	(546)
Changes in operating assets and liabilities:		
Trade receivables	43,827	(10,803)
Unbilled receivables	(22,305)	(78,445)
Prepaid expenses and other assets	6,051	(4,856)
Lease liabilities	(14,219)	(11,842)
Accounts payable	(1,183)	(177)
Accrued expenses and other liabilities	(27,204)	17,135
Net cash provided by operating activities	22,602	56,341
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(6,351)	(19,672)
Proceeds from disposal of fixed assets	327	437
Acquisitions, net of cash acquired	(15,989)	(70,011)
Net cash used in investing activities	(22,013)	(89,246)
<b>Cash flows from financing activities:</b>		
Payments of obligations of long-term debt	(105,363)	(105,363)
Payments of debt issuance costs	(99)	—
Proceeds from issuance of common stock on exercise of options, net of employee tax withholding	4,880	5,651
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	(3,501)	(33,017)
Other financing activities, net	71	(6)
Net cash used in financing activities	(104,012)	(158,213)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,395)	(18,032)
Net decrease in cash, cash equivalents and restricted cash	(106,818)	(209,150)
Cash, cash equivalents and restricted cash at beginning of the period	195,564	394,942
Cash, cash equivalents and restricted cash at end of the period	\$ 88,746	\$ 185,792
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 18,669	\$ 14,486
Income taxes paid	\$ 38,590	\$ 22,830
Withholding taxes payable	\$ (683)	\$ —

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

	Nine Months Ended September 30,	
	2023	2022
<b>Supplemental disclosures of non-cash financing activities:</b>		
Withholding taxes payable included within accrued compensation	\$ —	\$ 11,534
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>		
Cash and cash equivalents	\$ 87,405	\$ 184,544
Restricted cash included in other non-current assets	1,341	1,248
Total cash, cash equivalents and restricted cash	<u>\$ 88,746</u>	<u>\$ 185,792</u>

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

**THOUGHTWORKS HOLDING, INC.**  
**Notes to the Condensed Consolidated Financial Statements (Unaudited)**

## **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, 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 unaudited condensed consolidated financial statements include the accounts of Thoughtworks Holding, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s 2022 Annual Report.

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 condensed consolidated financial statements is in conformity with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the SEC regarding interim financial reporting. 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 condensed consolidated financial statements in the future. Operating results for interim periods are not necessarily indicative of results that may be expected to occur for the entire year. In management’s opinion, all adjustments considered necessary for a fair presentation of the accompanying unaudited condensed consolidated financial statements have been included, and all adjustments are of a normal and recurring nature.

### ***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. The amounts are held to secure bank guarantees of amounts related to government requirements and as collateral for a corporate credit card.

### ***Allowance for Credit Losses***

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):

	<b>Nine Months Ended September 30, 2023</b>
Allowance for credit losses, beginning balance	\$ (9,531)
Current provision for expected credit losses	(4,145)
Write-offs charged against allowance	4,679
Recoveries of amounts previously written off	(96)
Changes due to exchange rates	19
Allowance for credit losses, ending balance	\$ (9,074)

### ***Recently Adopted Accounting Standards***

In October 2021, the FASB issued 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 condensed 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 8, Credit Agreements. The adoption did not have a material impact on the Company's condensed 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 three months ended September 30, 2023 and 2022 was 65% and 62%, respectively, and 65% and 63% for the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023 and December 31, 2022, 74% and 69%, respectively, of trade receivables and unbilled receivables was due from customers located outside the United States. At September 30, 2023 and December 31, 2022, the Company had net property and equipment of \$20.6 million and \$30.0 million, respectively, outside the United States.

### ***Change in Accounting Principle - Stock-Based Compensation***

In the fourth quarter of 2022, the Company changed its stock-based compensation policy for recognizing expense for graded vesting awards with only service conditions from the accelerated attribution method to the straight-line attribution method. The Company believes the straight-line attribution method for stock-based compensation expense for awards solely subject to time-based vesting conditions is the preferable accounting policy in accordance with ASC 250, Accounting Changes and Error Corrections, because it more accurately reflects how the award is earned over the service period and is the predominant method used in its industry. The Company applied the change retrospectively adjusting all periods presented resulting in an increase to net loss of \$7.2 million and an increase to basic and diluted loss per share of \$0.02 for the three months ended September 30, 2022 and an increase to net loss of \$0.2 million and no impact to basic and diluted loss per share for the nine months ended September 30, 2022.

## 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
North America (1)	\$ 105,666	\$ 129,421	\$ 323,755	\$ 382,856
APAC (2)	97,155	108,353	297,782	320,233
Europe (3)	66,292	79,937	219,524	239,466
LATAM	11,046	14,736	33,369	42,939
Total revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494

- (1) For the three months ended September 30, 2023 and 2022, the United States represented 36.5%, or \$102.3 million, and 36.4%, or \$121.1 million, respectively, of the Company's total revenues. For the nine months ended September 30, 2023 and 2022, the United States represented 35.8%, or \$313.4 million, and 36.5%, or \$359.7 million, respectively, of the Company's total revenues. Canadian operations were determined to be immaterial given revenue as a percentage of total North America revenues was less than 10% for the three and nine months ended September 30, 2023 and 2022.
- (2) For the three months ended September 30, 2023 and 2022, Australia represented 10.5%, or \$29.4 million, and 11.5%, or \$38.4 million, respectively, of the Company's total revenues. For the nine months ended September 30, 2023 and 2022, Australia represented 10.1%, or \$88.6 million, and 11.6%, or \$114.5 million, respectively, of the Company's total revenues.
- (3) For the three and nine months ended September 30, 2023, Germany represented 11.3%, or \$31.8 million, and 10.9%, or \$95.1 million, respectively, of the Company's total revenues. For the three and nine months ended September 30, 2022, revenue in Germany as a percentage of the Company's total revenues was less than 10%. For the three months ended September 30, 2023 and 2022 and nine months ended September 30, 2023, revenue in the United Kingdom as a percentage of the Company's total revenues was less than 10%. For the nine months ended September 30, 2022, the United Kingdom represented 10.4%, or \$102.6 million, of the Company's total revenues.

Other non-U.S. countries were determined to be immaterial given the revenues as a percentage of the Company's total revenues was less than 10% for the three and nine months ended September 30, 2023 and 2022.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Technology and business services	\$ 70,612	\$ 94,219	\$ 214,440	\$ 274,815
Energy, public and health services	71,662	83,386	231,014	237,101
Retail and consumer	44,663	57,919	137,060	182,982
Financial services and insurance	46,447	55,004	154,380	173,139
Automotive, travel and transportation	46,775	41,919	137,536	117,457
Total revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Time-and-material	\$ 215,779	\$ 282,190	\$ 708,148	\$ 829,485
Fixed-price	64,380	50,257	166,282	156,009
Total revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494

### Contract Balances

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

	As of September 30, 2023	As of December 31, 2022
Contract assets included in unbilled receivables	\$ 49,659	\$ 39,941
Contract liabilities included in deferred revenue	\$ 6,921	\$ 5,167

Contract assets primarily relate to unbilled amounts on fixed-price contracts. 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 three months ended September 30, 2023 and 2022, the Company recognized nil and \$0.5 million, respectively, of revenues that were included in current liabilities at the prior year end. For the nine months ended September 30, 2023 and 2022, the Company recognized \$4.3 million and \$13.1 million, respectively, of revenues that were included in current liabilities at the prior year end.

### 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. These costs would primarily relate to commissions paid to our account executives and are included in selling, general and administrative ("SG&A") expenses.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Balance at beginning of period	\$ 825	\$ 1,642	\$ 1,588	\$ 2,039
Costs to obtain contracts capitalized	177	488	526	726
Amortization of capitalized costs	(344)	(291)	(1,471)	(916)
Changes due to exchange rates	12	(3)	27	(13)
Balance at end of period	\$ 670	\$ 1,836	\$ 670	\$ 1,836

### *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 Pty Ltd ("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 condensed 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 results of operations.

Aggregate acquisition-related costs related to Itoc of \$1.1 million and \$3.6 million for the three and nine months ended September 30, 2023 were included within SG&A expenses in the condensed consolidated statements of loss and comprehensive loss.

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

	<b>Total</b>
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
<b>Total gross purchase price</b>	<b>\$ 17,777</b>

(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.

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), including the completion or finalization of asset appraisals, the Company will refine its estimates of fair value to allocate the purchase price including finalizing the impact on taxes.

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 condensed consolidated balance sheet. 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 income (expense), net in the condensed 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):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance at beginning of period	\$ —	\$ 14,382	\$ 14,255	\$ —
Additions in the period	—	—	—	13,996
Payments in the period	—	—	(14,344)	—
Change in fair value	—	(2,955)	129	(2,427)
Change due to exchange rates	—	(793)	(40)	(935)
Balance at end of period	\$ —	\$ 10,634	\$ —	\$ 10,634



## Note 4 – Goodwill and Other Intangible Assets

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

		<b>Total</b>
Balance as of December 31, 2022	\$	405,017
Additions due to acquisitions		13,766
Changes due to exchange rates		(2,411)
Balance as of September 30, 2023	\$	416,372

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Customer relationships	\$ 196,947	\$ 193,447
Less accumulated amortization	(70,276)	(59,369)
Customer relationships, net	126,671	134,078
Trademark	273,000	273,000
Total other intangible assets, after amortization	399,671	407,078
Changes due to exchange rates	(11,441)	(10,031)
Other intangible assets, net	\$ 388,230	\$ 397,047

Other than indefinite-lived trademarks, the Company's intangible assets have finite lives and, as such, are subject to amortization. Amortization expense related to these intangible assets was \$3.6 million and \$3.4 million for the three months ended September 30, 2023 and 2022, respectively, and \$10.9 million and \$9.7 million for the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, estimated amortization expense for the next five years and thereafter is as follows (in thousands):

Remainder of 2023	\$	3,878
2024		15,510
2025		15,510
2026		15,510
2027		14,708
Thereafter		61,555
	\$	126,671

The weighted average remaining useful life of the Company's finite-lived intangible assets was 8.4 years as of September 30, 2023 and 9.2 years as of December 31, 2022.

## Note 5 – Income Taxes

Prior to the Company's initial public offering ("IPO") in September 2021, the Company calculated the provision for income taxes during interim reporting periods by applying an estimate of the effective tax rate for the full year to the pre-tax income or loss for the interim period, adjusting the provision for discrete tax items recorded in the period. Upon the IPO, due to the magnitude of transaction related stock-based compensation costs, the Company's forecasted pre-tax income for the year is causing the tax rate to be highly sensitive, whereby minor changes in forecasted pre-tax income generate significant variability in the estimated annual effective tax rate. This is impacting the customary relationship between income tax expense and pre-tax income in interim periods. Beginning in the third quarter of 2021, the Company concluded that it could not calculate a reliable estimate of the annual effective tax rate due to the range of potential impacts for the

aforementioned forecast changes. Accordingly, the Company computed the effective tax rate for the nine-month period ended September 30, 2023 using actual results, as allowed by ASC 740-270-30-18, Income Taxes-Interim Reporting.

The Company's effective tax rate for the three months ended September 30, 2023 and September 30, 2022 was (4.9)% and (56.8)%, respectively, and (39.8)% and (18.3)% for the nine months ended September 30, 2023 and September 30, 2022, respectively. The effective tax rate in each period differed from the U.S. statutory rate of 21% primarily due to U.S. corporate state income taxation and the effect of foreign operations, which reflects the impact of higher income tax rates in locations outside the United States, the unfavorable impact of valuation allowances on deferred tax assets of select foreign operations, the non-deductibility of China SAFE restricted stock units ("RSUs"), the unfavorable impact of capitalized research and experimental costs under Internal Revenue Code ("IRC") §174 increasing the Company's net global intangible low tax income ("GILTI") inclusion, the unfavorable impact of excess tax deficiencies on stock-based compensation, and the unfavorable impact of providing for and settling of uncertain income tax positions for the three and nine months ended September 30, 2023. The change in the effective tax rate for the three and nine months ended September 30, 2023, as compared to the prior periods, and the negative effective tax rate for the three and nine months ended September 30, 2023 and September 30, 2022, is a result of the aforementioned unique net unfavorable items when compared to the pre-tax loss recorded for the respective periods.

## Note 6 – Loss Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator:</b>				
Net loss	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
<b>Denominator:</b>				
Weighted average shares outstanding – Basic and diluted	317,805,140	311,621,233	317,204,506	309,481,860
Basic and diluted loss per share	\$ (0.08)	\$ (0.12)	\$ (0.15)	\$ (0.39)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Employee stock options, RSUs and performance stock units ("PSUs")	21,208,550	24,240,209	17,485,508	25,092,811

## Note 7 – Stock-Based Compensation

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenues	\$ 7,462	\$ 41,558	\$ 28,688	\$ 161,040
Selling, general and administrative expenses	5,344	17,602	19,403	67,268
Total stock-based compensation expense	\$ 12,806	\$ 59,160	\$ 48,091	\$ 228,308

### Stock Options

The following is a summary of performance and time vesting stock option activity for the nine months ended September 30, 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	(326,341)	11.33		
Exercised	(1,705,330)	2.86		
Cancelled	—	—		
Expired	—	—		
Balance at September 30, 2023	19,575,891	\$ 3.79	\$ 26,639	4.6
Exercisable at September 30, 2023	19,072,991	\$ 3.61	\$ 26,639	4.6

As of September 30, 2023, total compensation cost related to time vesting options not yet recognized was \$3.8 million, which will be recognized over a weighted-average period of 1.4 years. Unless otherwise prohibited by law in local jurisdictions, time vesting options will continue to vest according to the 2017 Stock Option Plan (the "2017 Plan") and the applicable award agreements.

## Restricted Stock Units

The following is a summary of RSU activity for the nine months ended September 30, 2023:

	Number of RSUs	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2022	13,013,946	\$ 17.37
Granted	364,564	8.14
Forfeited	(1,548,606)	17.58
Vested (1)	(985,765)	21.86
Unvested balance at September 30, 2023	10,844,139	\$ 16.63

(1) Includes 0.3 million shares that were net settled when released and returned to the share pool for future grants.

As of September 30, 2023, total compensation cost related to RSUs not yet recognized was \$89.7 million, of which \$79.8 million is primarily related to the annual grant and considered recurring. The remainder of \$9.9 million is IPO related or associated with one-time grants and considered non-recurring. The total unamortized expense is anticipated to be recognized over a weighted-average period of 2.3 years.

## Performance Stock Units

The following is a summary of PSU activity for the nine months ended September 30, 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)	8.22
Forfeited	(7,565)	11.45
Vested	—	—
Unvested balance at September 30, 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 September 30, 2023, total compensation cost related to PSUs not yet recognized was \$5.3 million. The unamortized expense is anticipated to be recognized over a weighted-average period of 2.0 years.

## Note 8 – Credit Agreements

Our subsidiaries are party to an amended and restated credit agreement, dated December 9, 2022 (as amended, the "Credit Agreement"), among Thoughtworks, Inc., Turing Acquisition LLC and Turing Midco LLC, Turing Topco LLC ("Holdings"), Credit Suisse AG, Cayman Islands Branch, as administrative agent, the lenders party thereto and the other parties from time-to-time party thereto, which provides for a senior secured term loan (the "Term Loan") of \$715.0 million and a senior secured revolving credit facility (the "Revolver") of \$300.0 million.

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 income (expense), net in the condensed consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2023.

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.

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

	September 30, 2023	December 31, 2022
Availability under Revolver (due March 26, 2026)	\$ 300,000	\$ 300,000
Borrowings under Revolver	\$ —	\$ —
Long-term debt (due March 24, 2028), including current portion (1)	\$ 294,856	\$ 399,006
Interest rate	7.9 %	6.9 %

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

The following table presents the carrying value of the Company's credit facilities (including current maturities) (in thousands):

	September 30, 2023	December 31, 2022
Long-term debt, less current portion	\$ 289,975	\$ 395,338
Capitalized deferred financing fees	(2,269)	(3,482)
Long-term debt	287,706	391,856
Current portion of long-term debt	7,150	7,150
Total debt carrying value	\$ 294,856	\$ 399,006

The Company estimates the fair value of the Term Loan using current market yields. These current market yields are considered Level 2 inputs. The book value of the Company's credit facilities is considered to approximate its fair value as of September 30, 2023 as the interest rates are considered in line with current market rates. The fair value of the Term Loan was \$392.0 million as of December 31, 2022.

## Note 9 – Accrued Expenses and Other Current Liabilities

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

	September 30, 2023	December 31, 2022
Contingent consideration	\$ —	\$ 14,255
Deferred revenue	6,921	5,167
Professional fees	8,276	6,321
Value-added tax and sales tax payable	4,468	7,526
Restructuring	4,643	—
Other accrued expenses	8,552	9,651
Accrued expenses and other current liabilities	\$ 32,860	\$ 42,920

## Note 10 – 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 approximately \$18 million to \$20 million are expected to be 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 and professional fees.

The total costs related to the Reorganization are reported in restructuring in the condensed consolidated statements of loss and comprehensive loss. The liability as of September 30, 2023 is reflected in accrued expenses and other current liabilities on the condensed consolidated balance sheet. The table below summarizes the activities related to the restructuring for the three and nine months ended September 30, 2023 (in thousands):

	<b>Wage-related expenses</b>	<b>Non-wage related expenses</b>	<b>Total</b>
Liability as of December 31, 2022	\$ —	\$ —	\$ —
Charges	15,356	210	15,566
Payments	(10,856)	(67)	(10,923)
Liability as of September 30, 2023	\$ 4,500	\$ 143	\$ 4,643

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and the related notes included in our 2022 Annual Report. 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” in our 2022 Annual Report and in this Quarterly Report on Form 10-Q and “Forward-Looking Statements” 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. Quarterly results reflected herein are not necessarily indicative of our operating results for a full year or any future period.

### Overview

We are a global technology consultancy that integrates strategy, design and engineering to drive digital innovation. We are 11,058 Thoughtworkers strong across 51 offices in 18 countries. For 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; digital application management & operations; and digital transformation & operations.

### Key Operational and Business Metrics

In addition to the measures presented in our condensed 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494
Revenue Growth Rate as reported (1)	(15.7)%	16.6 %	(11.3)%	25.8 %
Revenue Growth Rate at constant currency (1)	(16.6)%	23.9 %	(10.2)%	31.3 %
Net loss	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
Net loss margin	(9.2)%	(11.6)%	(5.3)%	(12.3)%
Adjusted Net Income (2)	\$ 11,525	\$ 26,758	\$ 31,697	\$ 107,758
Adjusted EBITDA (3)	\$ 33,563	\$ 67,165	\$ 97,763	\$ 198,554
Adjusted EBITDA Margin (3)	12.0 %	20.2 %	11.2 %	20.1 %

(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 three and nine months ended September 30, 2023, revenues decreased 15.7% and 11.3%, respectively. The decrease in revenue was due to the continued impact of the environment, particularly in the IT services market, combined with incremental project start ups, shorter contract terms, and client budget caution, which caused lower revenues for the three and nine months ended September 30, 2023. Further, a larger percentage of our work was performed offshore which has lower bill rates than onshore work. For the three months ended September 30, 2023, the decrease was also attributable to lower bill rates. For the nine months ended September 30, 2023, the decrease was also attributable to lower utilization. Acquisitions completed in the last twelve months contributed approximately 1% to the revenue growth rate for both the three and nine months ended September 30, 2023. Had our consolidated revenues been expressed in constant currency terms using the exchange rates in effect for the three and nine months ended September 30, 2022, we would have reported a decrease in revenues of 16.6% and 10.2%, respectively. The positive impact to revenues from foreign currencies for the three months ended September 30, 2023 was due to the depreciation of the U.S. dollar, and the negative impact to revenues from foreign currencies for the nine months ended September 30, 2023 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 condensed consolidated financial statements and “Item 3. Quantitative and Qualitative Disclosures About Market Risk.”

### Net Loss, Net Loss Margin and Adjusted Net Income

For the three months ended September 30, 2023, the \$12.8 million decrease in net loss and 2.4 percentage point decrease in net loss margin as compared to the three months ended September 30, 2022 were driven by decreased stock-based compensation expense of \$46.4 million, which includes a decrease of \$47.7 million of nonrecurring expense mainly related to IPO grants, offset by an increase of \$1.3 million of recurring expense primarily related to the annual grant, a decrease in payroll expense (excluding stock-based compensation) of \$18.9 million resulting from a lower professional service headcount and lower bonus accruals for 2023, and a \$12.8 million decrease in income tax expense, partially offset by a \$52.3 million decrease in revenue, as discussed above, and \$15.6 million of restructuring costs.

For the three months ended September 30, 2023, the decrease in Adjusted Net Income as compared to the three months ended September 30, 2022 of \$15.2 million, or 56.9%, was primarily due to a decrease in revenue of \$52.3 million, as discussed above, partially offset by decreases in payroll expense (excluding stock-based compensation) of \$16.2 million, professional fees of \$4.3 million and income tax expense.

For the nine months ended September 30, 2023, the \$75.3 million decrease in net loss and 7.0 percentage point decrease in net loss margin as compared to the nine months ended September 30, 2022 were driven by decreased stock-based compensation expense of \$180.2 million, which includes a decrease of \$187.3 million of nonrecurring expense mainly related to IPO grants and \$46.7 million related to the approval of China SAFE during the first quarter of 2022, offset by an increase of \$7.1 million of recurring expense primarily related to the annual grant, a decrease in payroll expense (excluding stock-based compensation) of \$11.6 million, which includes severance expense related to the headcount reduction in the first quarter of 2023, partially offset by a \$111.1 million decrease in revenue, as discussed above, and \$15.6 million of restructuring costs. 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 nine months ended September 30, 2023, the decrease in Adjusted Net Income as compared to the nine months ended September 30, 2022 of \$76.1 million, or 70.6%, was primarily due to a decrease in



revenue of \$111.1 million, as discussed above, partially offset by decreases in professional fees of \$8.5 million, payroll expense (excluding stock-based compensation) of \$5.9 million, which includes severance expense related to the headcount reduction in the first quarter of 2023, and income tax expense. Adjusted Net Income excludes the impacts of restructuring charges.

## Adjusted EBITDA and Adjusted EBITDA Margin

For the three and nine months ended September 30, 2023, the decrease in Adjusted EBITDA as compared to the three and nine months ended September 30, 2022 of \$33.6 million, or 50.0%, and \$100.8 million, or 50.8%, respectively, and the decrease in Adjusted EBITDA Margin as compared to the three and nine months ended September 30, 2022 was primarily due to the factors driving a decrease in revenue, as discussed above.

## Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	\$ 280,159	\$ 332,447	\$ 874,430	\$ 985,494
Operating expenses:				
Cost of revenues (1)	185,985	244,139	591,845	744,366
Selling, general and administrative expenses (1)	81,840	91,682	254,806	295,799
Depreciation and amortization	5,997	5,303	17,413	15,364
Restructuring	15,566	—	15,566	—
Loss from operations	(9,229)	(8,677)	(5,200)	(70,035)
Other (expense) income:				
Interest expense	(6,649)	(5,871)	(19,661)	(15,502)
Net realized and unrealized foreign currency loss	(8,813)	(12,129)	(7,658)	(18,903)
Other income (expense), net	43	2,056	(545)	1,731
Total other expense	(15,419)	(15,944)	(27,864)	(32,674)
Loss before income taxes	(24,648)	(24,621)	(33,064)	(102,709)
Income tax expense	1,204	13,987	13,167	18,792
Net loss	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
Effective tax rate	(4.9)%	(56.8)%	(39.8)%	(18.3)%

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenues	\$ 7,462	\$ 41,558	\$ 28,688	\$ 161,040
Selling, general and administrative expenses	5,344	17,602	19,403	67,268
Total stock-based compensation expense	\$ 12,806	\$ 59,160	\$ 48,091	\$ 228,308

**Summary Comparison of the Three and Nine Months Ended September 30, 2023 with the Three and Nine Months Ended September 30, 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:

	Trailing twelve months ended	
	September 30, 2023	September 30, 2022
Number of clients (1)	466	403
Number of clients generating greater than \$10 million in revenues	34	36
Net dollar retention rate (2)	94%	119%

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

(2) The decrease was driven by incremental project start ups, shorter contract terms, and client budget caution, due to the continued impact of the macroeconomic environment and pressures on client behavior across all regions, and particularly in our retail and consumer and technology and business services verticals.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Trailing twelve months ended September 30,	
	2023	2022	2023	2022	2023	2022
	Existing clients (1)	92.3%	84.0%	94.6%	89.4%	93.3%
New clients	7.7%	16.0%	5.4%	10.6%	6.7%	11.4%

(1) For the three and nine months ended September 30, 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. For the trailing twelve months ended September 30, 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 twelve months.

During the three months ended September 30, 2023, we contracted with 34 new logos with a higher concentration within the energy, public and health services industry vertical.

### 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):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Technology and business services	\$70,612	25.2%	\$94,219	28.4%	\$214,440	24.5%	\$274,815	27.8%
Energy, public and health services	71,662	25.6%	83,386	25.1%	231,014	26.4%	237,101	24.1%
Retail and consumer	44,663	15.9%	57,919	17.4%	137,060	15.7%	182,982	18.6%
Financial services and insurance	46,447	16.6%	55,004	16.5%	154,380	17.7%	173,139	17.6%
Automotive, travel and transportation	46,775	16.7%	41,919	12.6%	137,536	15.7%	117,457	11.9%
Total revenues	\$280,159	100.0%	\$332,447	100.0%	\$874,430	100.0%	\$985,494	100.0%

During the three months ended September 30, 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 (22.9)%, (25.1)%, (15.6)% and (14.1)%, respectively, compared to the three months ended September 30, 2022. During the nine months ended September 30, 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 (25.1)%, (22.0)%, (10.8)% and (2.6)%, respectively, compared to the nine months ended September 30, 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 three and nine months ended September 30, 2023, the automotive, travel and transportation industry vertical grew by 11.6% and 17.1%, respectively, compared to the three and nine months ended September 30, 2022 driven by enterprise modernization, platforms and cloud.

### Revenues by Customer Location

Our revenues are sourced from four geographic markets: North America, Asia-Pacific region ("APAC"), Europe and Latin America ("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.

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):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
North America	\$105,666	37.7%	\$129,421	38.9%	\$323,755	37.0%	\$382,856	38.8%
APAC	97,155	34.7%	108,353	32.6%	297,782	34.1%	320,233	32.5%
Europe	66,292	23.7%	79,937	24.1%	219,524	25.1%	239,466	24.3%
LATAM	11,046	3.9%	14,736	4.4%	33,369	3.8%	42,939	4.4%
Total revenues	\$280,159	100.0%	\$332,447	100.0%	\$874,430	100.0%	\$985,494	100.0%

For the three and nine months ended September 30, 2023, we had a decrease in revenue of (18.4)% and (15.4)%, respectively, in North America, with the United States contributing revenues of \$102.3 million and \$313.4 million, respectively, compared to \$121.1 million and \$359.7 million, respectively, for the same periods

in 2022. The largest revenue concentration came from the technology and business services and the energy, public and health services industry verticals.

For the three and nine months ended September 30, 2023, we had a decrease in revenue of (10.3)% and (7.0)%, respectively, in APAC where the top revenue contributing customer location country was Australia with revenues of \$29.4 million and \$88.6 million, respectively, compared to \$38.4 million and \$114.5 million, respectively, for the same periods in 2022. The largest revenue concentration came from the financial services and insurance industry vertical.

For the three and nine months ended September 30, 2023, we had a decrease in revenue of (17.1)% and (8.3)%, respectively, in Europe where the top revenue contributing customer location country was Germany with revenues of \$31.8 million and \$95.1 million, respectively, compared to \$31.1 million and \$93.2 million, respectively, for the same periods in 2022. The largest revenue concentration came from the automotive, travel and transportation industry vertical.

For the three and nine months ended September 30, 2023, we had a decrease in revenue of (25.0)% and (22.3)%, respectively, in LATAM, compared to the same periods in 2022 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):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Top five clients	\$53,533	19.1%	\$53,548	16.1%	\$154,817	17.7%	\$151,981	15.4%
Top ten clients	\$82,250	29.4%	\$84,569	25.4%	\$239,255	27.4%	\$248,670	25.2%
Top fifty clients	\$188,200	67.2%	\$217,445	65.4%	\$579,196	66.2%	\$636,708	64.6%

#### People Metrics

Number of employees		Average revenue per employee (1)				Trailing Twelve Months Voluntary Attrition	
As of		Nine Months Ended		Annualized as of		As of	
September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
11,058	12,884	\$74,000	\$84,000	\$99,000	\$112,000	12.2%	11.8%

(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 nine months ended September 30, 2022 was driven by the negative impact from client budget caution and onshore/offshore mix. We believe our

relatively flat voluntary attrition and thus stable employee retention was 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 \$1.4 billion and \$1.5 billion for the trailing twelve months ended September 30, 2023 and 2022, respectively. The 6.7% decrease is primarily due to smaller contract sizes and shorter contract terms.

#### Cost of Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(in thousands, except percentages)</i>						
Cost of revenues	\$185,985	\$244,139	(23.8)%	\$591,845	\$744,366	(20.5)%

During the three and nine months ended September 30, 2023, cost of revenues (including stock-based compensation) decreased (23.8)% and (20.5)%, respectively, compared to the three and nine months ended September 30, 2022. The decreases were primarily driven by a decrease in stock-based compensation expense of \$34.1 million and \$132.4 million, respectively.

#### Gross Profit and Gross Margin

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(in thousands, except percentages)</i>						
Gross profit	\$94,174	\$88,308	6.6%	\$282,585	\$241,128	17.2%
Gross margin	33.6%	26.6%		32.3%	24.5%	

Our gross margin increased by 7.0 percentage points for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 and 7.8 percentage points for the nine months ended September 30, 2023 compared to the nine months ended September 30, 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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(in thousands, except percentages)</i>						
SG&A expenses	\$81,840	\$91,682	(10.7)%	\$254,806	\$295,799	(13.9)%
SG&A margin	29.2%	27.6%		29.1%	30.0%	

For the three months ended September 30, 2023, SG&A expenses decreased 10.7% compared to the three months ended September 30, 2022. The decrease was primarily due to a decrease in stock-based compensation expense of \$12.3 million. The increase in SG&A margin for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 was primarily driven by increased payroll expense (excluding stock-based compensation), partially offset by decreased stock-based compensation expense, as a percentage of revenues.

For the nine months ended September 30, 2023, SG&A expenses decreased 13.9% compared to the nine months ended September 30, 2022. SG&A expenses for the nine months ended September 30, 2023 includes severance expense related to the headcount reduction in the first quarter of 2023. The decrease was driven by a decrease in stock-based compensation expense of \$47.9 million, partially offset by increases in acquisition costs of \$2.3 million and hardware and software expense of \$2.0 million. The decrease in SG&A margin for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was driven by decreased stock-based compensation expense, partially offset by increased payroll expense (excluding stock-based compensation), as a percentage of revenues.

#### Depreciation and Amortization

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(in thousands, except percentages)</i>						
Depreciation and amortization	\$5,997	\$5,303	13.1%	\$17,413	\$15,364	13.3%

The increase for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 was driven by an increase in the amortization expense related to increased capitalized software development cost. The increase for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 was driven by an increase in intangible amortization related to acquisitions.

#### Restructuring

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
<i>(in thousands, except percentages)</i>						
Restructuring	\$15,566	\$—	NM	\$15,566	\$—	NM

NM - not meaningful

Restructuring includes wage-related expenses of \$15.4 million, such as employee severance and related benefits, of which \$6.7 million relates to operations and \$8.7 million relates to professional services, and non-wage related expenses of \$0.2 million, including costs related to reducing leased office space, vendor contract cancellations and professional fees.

#### **Loss from Operations and Loss from Operations Margin**

<i>(in thousands, except percentages)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Loss from operations	\$(9,229)	\$(8,677)	6.4%	\$(5,200)	\$(70,035)	(92.6)%
Loss from operations margin	(3.3)%	(2.6)%		(0.6)%	(7.1)%	

Loss from operations and loss from operations margin for the three months ended September 30, 2023 were relatively flat compared to the three months ended September 30, 2022.

The decrease in loss from operations for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily driven by a decrease in stock-based compensation expense of \$180.2 million, as previously discussed, a decrease in payroll expense (excluding stock-based compensation) of \$11.6 million, which includes severance expense related to the headcount reduction in the first quarter of 2023; partially offset by a decrease in revenues of \$111.1 million and restructuring costs of \$15.6 million. The decrease in loss from operations margin was driven by decreased stock-based compensation expense as a percentage of revenues.

#### **Interest Expense**

<i>(in thousands, except percentages)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Interest expense	\$6,649	\$5,871	13.3%	\$19,661	\$15,502	26.8%

Interest expense is primarily related to our Term Loan and Revolver. The increase for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022 was primarily due to the increased interest rate on our borrowings, partially offset by decreased borrowings due to prepayments under our Credit Agreement.

#### **Income Tax Expense and Effective Tax Rate**

<i>(in thousands, except percentages)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Income tax expense	\$1,204	\$13,987	(91.4)%	\$13,167	\$18,792	(29.9)%
Effective tax rate	(4.9)%	(56.8)%		(39.8)%	(18.3)%	

See Note 5, *Income Taxes*, for additional discussion around forecasting uncertainties related to our income tax rate.

Income tax expense decreased by \$12.8 million and \$5.6 million for the three and nine months ended September 30, 2023, respectively, as compared to the three and nine months ended September 30, 2022

primarily due to the impact of China SAFE RSUs, excess tax deficiencies on stock-based compensation, and net GILTI inclusion.

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, the non-deductibility of China SAFE RSUs, the unfavorable impact of capitalized research and experimental costs under IRC §174 increasing the Company's net GILTI inclusion, the unfavorable impact of excess tax deficiencies on stock-based compensation, and the unfavorable impact of providing for and settling of uncertain income tax positions for the three and nine months ended September 30, 2023. The change in the effective tax rate for the three and nine months ended September 30, 2023 as compared to the prior periods, and the negative effective tax rate for all 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 3. *Quantitative and Qualitative Disclosures About Market Risk*" included elsewhere in this Quarterly Report 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" as included in our 2022 Annual Report.

#### **Non-GAAP Financial Measures**

We define Adjusted Net Income as net loss adjusted for unrealized loss on foreign currency exchange, 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, the change in fair value of contingent consideration, restructuring charges and income tax effects of adjustments.

We define Adjusted EBITDA as net loss adjusted to exclude income tax expense; interest expense; other (income) expense, net, excluding a gain related to the mark to market adjustment on shares received in relation to the sale and settlement of trade receivables in 2022; unrealized loss on foreign currency exchange; 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 and restructuring charges. 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net loss</b>	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
Unrealized foreign exchange loss	10,223	14,448	9,488	22,242
Stock-based compensation	12,806	59,160	48,091	228,308
Amortization of acquisition-related intangibles	3,656	3,449	10,916	9,744
Acquisition costs (a)	1,533	1,742	5,339	3,044
Certain professional fees (b)	2,051	766	3,801	1,632
Employer payroll related expense on employee equity incentive plan (c)	264	2,950	755	6,447
Final tax assessment for closed operations (d)	—	—	—	258
Change in fair value of contingent consideration (e)	—	(2,955)	129	(2,427)
Restructuring (f)	15,566	—	15,566	—
Income tax effects of adjustments (g)	(8,722)	(14,194)	(16,157)	(39,989)
<b>Adjusted Net Income</b>	<b>\$ 11,525</b>	<b>\$ 26,758</b>	<b>\$ 31,697</b>	<b>\$ 107,758</b>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Net loss</b>	\$ (25,852)	\$ (38,608)	\$ (46,231)	\$ (121,501)
Income tax expense	1,204	13,987	13,167	18,792
Interest expense	6,649	5,871	19,661	15,502
Other (income) expense, net (h)	(28)	(2,056)	759	(1,731)
Unrealized foreign exchange loss	10,223	14,448	9,488	22,242
Stock-based compensation	12,806	59,160	48,091	228,308
Depreciation and amortization	9,147	8,905	27,367	25,561
Acquisition costs (a)	1,533	1,742	5,339	3,044
Certain professional fees (b)	2,051	766	3,801	1,632
Employer payroll related expense on employee equity incentive plan (c)	264	2,950	755	6,447
Final tax assessment for closed operations (d)	—	—	—	258
Restructuring (f)	15,566	—	15,566	—
<b>Adjusted EBITDA</b>	<b>\$ 33,563</b>	<b>\$ 67,165</b>	<b>\$ 97,763</b>	<b>\$ 198,554</b>
<b>Net loss margin</b>	<b>(9.2)%</b>	<b>(11.6)%</b>	<b>(5.3)%</b>	<b>(12.3)%</b>
<b>Adjusted EBITDA Margin</b>	<b>12.0 %</b>	<b>20.2 %</b>	<b>11.2 %</b>	<b>20.1 %</b>

(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) We exclude 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.

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

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

(f) 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.

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

(h) Excludes a gain, which was included within other (income) expense, net in the condensed consolidated statements of loss and comprehensive loss for 2023, related to the mark to market adjustment on shares received in relation to the sale and settlement of trade receivables in 2022.

## Liquidity and Capital Resources

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

	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 87,405	\$ 194,294
Availability under Revolver	300,000	300,000
Borrowings under Revolver	—	—
Long-term debt, including current portion (1)	294,856	399,006

(1) The balance includes deferred financing fees. A reconciliation of gross to net amounts is presented in Note 8, *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 September 30, 2023, our principal sources of liquidity were cash and cash equivalents of \$87.4 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.

### **Our Credit Facilities**

Our subsidiaries are party to the Credit Agreement. The Credit Agreement provides for a Term Loan and the Revolver. See Note 12, *Credit Agreements*, in the notes to our consolidated financial statements included in the 2022 Annual Report for a discussion of our Term Loan and Revolver as well as Note 8, *Credit Agreements*, with respect to this Quarterly Report. As of September 30, 2023, we had \$297.1 million outstanding under our Term Loan with an interest rate of 7.9% and no borrowings outstanding under the Revolver.

The Credit Agreement requires compliance with certain covenants customary for agreements of this type. As of September 30, 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):

	Nine Months Ended September 30,	
	2023	2022
<b>Net cash provided by (used in):</b>		
Operating activities	\$ 22,602	\$ 56,341
Investing activities	(22,013)	(89,246)
Financing activities	(104,012)	(158,213)
Effect of exchange rate changes on cash and cash equivalents	(3,395)	(18,032)
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (106,818)</b>	<b>\$ (209,150)</b>

#### *Operating Activities*

Net cash provided by operating activities during the nine months ended September 30, 2023 was \$22.6 million comprised of net loss of \$46.2 million, adjusted for non-cash items including \$48.1 million of stock-based compensation expense and \$27.4 million of depreciation and amortization. Cash provided by operating activities during the nine months ended September 30, 2023 was further benefited by the change in trade receivables of \$43.8 million offset by the change in unbilled receivables of \$22.3 million and the change in accrued expenses and other liabilities of \$27.2 million driven by the payment of tax installments and contingent consideration.

Net cash provided by operating activities during the nine months ended September 30, 2022 was \$56.3 million comprised of net loss of \$121.5 million, adjusted for non-cash items including \$228.3 million of stock-based compensation expense and \$25.6 million of depreciation and amortization. Cash provided by operating activities during the nine months ended September 30, 2022 was negatively impacted by the change in unbilled receivables of \$78.4 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 during the nine months ended September 30, 2023 was \$22.0 million driven by the acquisition of Itoc in the first quarter of 2023.

Net cash used in investing activities during the nine months ended September 30, 2022 was \$89.2 million driven by the acquisition of Connected in the second quarter of 2022.

### *Financing Activities*

Net cash used in financing activities during the nine months ended September 30, 2023 was \$104.0 million driven by the repayment of long-term debt of \$105.4 million.

Net cash used in financing activities during the nine months ended September 30, 2022 was \$158.2 million driven by the repayment of long-term debt of \$105.4 million and withholding taxes paid related to the following: net share settlement on equity awards of \$33.0 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*, of the notes to our consolidated financial statements included in Part II, Item 8 of the 2022 Annual Report for further detail regarding the aforementioned contingent consideration and additional information related to our lease commitments.

There were no other material changes in our contractual obligations and commitments during the nine months ended September 30, 2023 from the contractual obligations and commitments disclosed in the 2022 Annual Report.

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 condensed 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 condensed consolidated financial statements included in Part I, Item I of this Quarterly Report for a discussion of recent accounting pronouncements.

## **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report are prepared in accordance with GAAP. In preparing the condensed 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.

There have been no material changes to our critical accounting policies and estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our 2022 Annual Report.

## **Item 3. 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.

There were no material changes to the information on market risk disclosure from our 2022 Annual Report.

## **Item 4. 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 Securities Exchange Act of 1934, as amended, the "Exchange Act"), as of the end of the period covered by this Quarterly 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.

### **Changes in Internal Control Over Financial Reporting**

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 period covered by this Quarterly Report 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.

## PART II. OTHER INFORMATION

### Item 1. 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 1A. Risk Factors

The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the 2022 Annual Report in Part I, Item 1A. "Risk Factors," any one or more of which could, directly or indirectly, cause the Company's 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 the Company's business, financial condition, operating results and stock price. There have been no material changes to the Company's risk factors since those set forth in the 2022 Annual Report, except as set forth below:

We may be unable to implement our strategy, including cost and efficiency initiatives.

We have grown rapidly and significantly expanded our business over the past several years. Our growth has resulted in part from developing innovative solutions at the forefront of emerging technologies for our clients. However, this has required that we invest substantial amounts of cash in human capital and the infrastructure to support our growth during this period, including training, administration and facilities. 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 intend to strategically pursue available opportunities for the foreseeable future 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 have undertaken restructuring actions to better align our financial model and our business with the market. In August 2023, we announced a restructuring plan as part of our efforts to reduce operating costs, which plan involved the termination of approximately 5-6% of our employees. 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 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.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of the Company's equity securities during the third quarter of 2023.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not Applicable.

## Item 5. 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 September 30, 2023, the following 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):

Name and Position	Plan Adoption/Termination	Plan Adoption/Termination Date	Duration of the Plan (Expiration Date)	Number of Shares to be Purchased (Sold) under Plan (1)
Sai Mandapaty Chief Commercial Officer	Adoption	September 11, 2023	August 30, 2024	(216,099)
Joanna Parke Chief Talent and Operating Officer	Adoption	September 8, 2023	November 30, 2024	(195,278)

(1) Includes 29,607 shares for Sai Mandapaty and 45,278 shares for Joanna Parke which are to be issued upon the vesting of restricted stock units and includes shares that will be automatically sold to cover mandatory tax withholding obligations.

Transactions under director or executive officer trading plans will be disclosed publicly through Form 144 and Form 4 filings with the SEC to the extent required by law. No non-Rule 10b5-1 trading arrangements were entered into by any director or executive officer of the Company during the covered period.

### Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

As previously disclosed in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 filed with the SEC on August 8, 2023, in connection with the Company's reorganizing activity announced on August 8, 2023, the role of Chief Commercial Officer, previously held by Sai Mandapaty, has been eliminated. The Company and Mr. Mandapaty agreed that his employment with the Company will end effective January 15, 2024. In connection with the conclusion of Mr. Mandapaty's employment, he entered into an Agreement and Release with the Company on November 2, 2023 under Thoughtworks Executive Severance Plan (the



“Agreement”), that provides that upon the conclusion of his employment with the Company and in exchange for a release of claims against the Company and other customary provisions relating to confidentiality and restrictive covenants, he will receive 18 months of base salary, plus \$50,000 in recognition of his years of service with the Company, his annual bonus for 2023 (if earned) and up to 18 months of COBRA health care coverage reimbursement. In addition, Mr. Mandapaty will be able to exercise his vested options until December 31, 2026.

A copy of the Agreement is attached as Exhibit 10.1 to this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

## Item 6. Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1*+	<a href="#">Sai Mandapaty - Agreement and Release executed on November 2, 2023</a>
10.2+	<a href="#">Rebecca Parsons - Amendment to Employment Agreement dated August 3, 2023</a>
31.1*	<a href="#">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.</a>
31.2*	<a href="#">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.</a>
32.1**	<a href="#">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</a>
32.2**	<a href="#">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</a>
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
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
*	Exhibits filed herewith
**	Exhibits furnished herewith

## 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: November 7, 2023

THOUGHTWORKS HOLDING, INC.

By: /s/ Guo Xiao

\_\_\_\_\_  
Guo Xiao

Chief Executive Officer and Director

*(Principal Executive Officer)*

By: /s/ Erin Cummins

\_\_\_\_\_  
Erin Cummins

Chief Financial Officer

*(Principal Financial Officer and Principal  
Accounting Officer)*

October 30, 2023

AGREEMENT AND RELEASE

Thoughtworks Holding, Inc. (the "Company") and Sai Mandapaty ("Employee") agree to the terms and conditions of this Agreement and Release as set forth below, effective as of the Effective Date (as defined below):

1. Termination. The Company agrees to continue to employ Employee to provide transition services until January 15, 2024 (the "Termination Date"). Employee's employment with the Company Group (as defined under the Thoughtworks Holding, Inc. Executive Severance Plan (the "Severance Plan")) shall terminate as of the "Termination Date" and Employee will resign all positions with the Company Group effective no later than the Termination Date. Employee acknowledges and agrees that the Termination Date is the termination date of Employee's employment for purposes of participation in and coverage under all benefit plans and programs sponsored by or through the Company Group. Employee agrees not to hold himself/herself out as a partner, member, director, officer or employee of, or as otherwise affiliated with, the Company or any of its affiliates (including on social media) after the Termination Date. The parties agree that the Employee's termination shall be deemed to be a Qualifying Termination (but not, for the avoidance of doubt, a CIC Termination) for purposes of the Severance Plan. For the avoidance of doubt, in the event a CIC occurs within three (3) months following the Termination Date, the Employee's termination shall be deemed a CIC Termination and any enhancements to the Severance Benefits shall be determined in accordance with the terms of the Severance Plan, less any payments or benefits already received hereunder as applicable. All capitalized terms used herein, unless defined otherwise herein, shall have the meaning set forth in the Severance Plan.

2. Severance Payment. In addition to the Accrued Obligations, subject to Employee's continued employment through the Termination Date and in exchange for the general release in paragraph 4 below and the additional Agreement and Release (the "Second Release") attached hereto as Exhibit A and other promises contained herein, and otherwise in accordance with the terms of the Severance Plan, which Employee hereby acknowledges receiving, Employee will receive the following Severance Benefits in full satisfaction of the Company's obligations under Section 4.2 of the Severance Plan (and, for the avoidance of doubt, any severance obligations pursuant to the Employment Agreement between the Company and Employee, dated October 12, 2017 (the "Employment Agreement")), paid and provided in accordance herewith and therewith. For the avoidance of doubt, in the event Employee fails to execute, or revokes execution of, this Agreement and Release or the Second Release, Employee shall not be entitled to the Severance Benefits.

(a) Base Cash Severance. Payment of cash severance equal to an aggregate total of \$800,000 (representing 18 months' continued payment of Employee's annual base salary of \$500,000 plus \$50,000), \$50,000 of which shall be paid in one lump sum in the first payroll date immediately after the date upon which the Second Release becomes effective (the "Second Release Effective Date"), and \$750,000 of which shall be paid in equal biweekly installments during the 18 month period commencing as of the Termination Date; provided, however, that the first such installment shall be paid on the first payroll date immediately after the Second Release Effective Date and shall include any portion that would have otherwise been payable during the period between the Termination Date and such first payment date. The Company and the Employee acknowledge and agree that all payments made hereunder are "wages" for purposes of FICA, FUTA and income tax withholding and such taxes shall be withheld from the severance payments made hereunder. Employee agrees that except for earned wages, accrued and unused paid time off,

and expenses that may be incurred through the Termination Date, they have been paid: (i) all amounts as reimbursement for expenses incurred during their employment and (ii) other compensation due to them, including, but not limited to all salary, hourly pay, overtime pay, bonuses (except for Annual 2023 Bonus addressed below), vacation pay, deferred compensation, variable pay, incentives, commissions, equity compensation and all other compensation of any nature whatsoever. No other sums (contingent or otherwise) shall be paid to Employee in respect of their employment by the Company, except for earned wages, accrued and unused paid time off, and expenses that may be incurred through the Termination Date, and any such sums (whether or not owed) arising under any Company compensation plan or otherwise related to Employee's employment are hereby expressly waived by Employee.

(a) Annual 2023 Bonus. Any annual bonus earned in respect of 2023, payable upon the later of the first payroll date immediately after Second Release Effective Date and the date annual bonuses are paid to similarly situated employees of the Company.

(b) COBRA. For 18 months following the Termination Date, in the event Employee properly elects COBRA coverage, the Company shall reimburse the Participant for the cost of healthcare continuation coverage for Employee and his or her covered dependents under the Company's group health plans, subject to the terms of Section 4.2(c) of the Severance Plan.

(c) Equity Awards. Employee acknowledges and agrees that all equity awards under any of the Company Group's group equity plan that are unvested as of the Termination Date shall be forfeited and canceled in accordance with the terms of the applicable award agreements. Employee's options that are vested as the Termination Date shall remain outstanding (and, for the avoidance of doubt, shall be the only equity awards held by Employee that shall remain outstanding) and continue to be subject to the terms of the applicable award agreements, provided, however that Employee shall be entitled to exercise subject options until December 31, 2026 (but not, in any event, any later than the original expiration date of such option).

3. Acknowledgment. Employee hereby agrees and acknowledges that the Severance Benefits exceed any payment, benefit, or other thing of value to which Employee might otherwise be entitled under any policy, plan, or procedure of the Company Group or pursuant to any prior agreement or contract with the Company Group, including the Employment Agreement.

4. Release.

(a) In exchange for the Severance Benefits and other valuable consideration, Employee, for himself or herself and for his or her heirs, executors, administrators, beneficiaries, trustees, and assigns (referred to collectively as "Releasors"), forever releases and discharges the Company Group and any and all of the Company Group's parent companies, partners, subsidiaries, affiliates, predecessors, successors and assigns and any and all of its and their past and/or present officers, directors, partners, agents, employees, representatives, counsel, employee benefit plans and their fiduciaries and administrators, predecessors successors and assigns (referred to collectively as the "Releasees"), from any and all claims, suits, controversies, actions, cross-claims, counter claims, demands, causes of action, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, and liabilities of any kind whatsoever in law and in equity, whether known or unknown, suspected, or claimed, which Releasors ever had, now have or may have against Releasees by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter up to and including the date Employee signs this Agreement and Release.

(b) Without limiting the generality of the foregoing, this Agreement and Release is intended to and shall release Releasees from any and all claims and liabilities, whether known or

unknown, suspected, or claimed, that Releasors ever had, now have or may have against Releasees arising out of Employee's employment with the Company Group or any of the Releasees, the terms and conditions of such employment and/or the termination of such employment, including, but not limited to: (i) any claim under the Age Discrimination in Employment Act, as amended ("ADEA"), and/or the Older Workers Benefit Protection Act ("OWBPA"), which laws prohibit discrimination on account of age; (ii) any claim under Title VII of the Civil Rights Act of 1964, as amended, which, among other things, prohibits discrimination/retaliation on account of race, color, religion, sex and national origin; (iii) any claim under the Americans with Disabilities Act ("ADA") or Sections 503 and 504 of the Rehabilitation Act of 1973, each as amended; (iv) any claim under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (v) any claim under the Family and Medical Leave Act; (vi) any claim or other action under the National Labor Relations Act ("NLRA"), as amended; (vii) any claim under the Workers' Adjustment and Retraining Notification Act or the Uniformed Services Employment and Reemployment Rights Act ("USERRA"); (viii) any claim under the Sarbanes-Oxley Act of 2002; (ix) any applicable Executive Order Programs; (x) any other claim of discrimination, harassment or retaliation in employment (whether based on federal, state or local law, regulation or decision); (xi) any other claim (whether based on federal, state or local law, statute, decision, public policy, contract, tort, or doctrine of good faith and fair dealing) arising out of the terms and conditions of Employee's employment with and termination from the Company Group and/or the Released Parties; (xii) any claims in equity or under common law for wrongful discharge, breach of contract (express, implied, written or oral), whistleblowing, constructive discharge, promissory estoppel, detrimental reliance, negligence, defamation, emotional distress, compensatory or punitive damages, and/or equitable relief; (xiii) any claims under federal, state or local occupational safety and health laws or regulations, all as amended; (xiv) any claim for attorneys' fees, costs, disbursements and/or the like (xv) any claim under the Employment Agreement, and (xvi) any claim under the Illinois Human Rights Act, 775 Ill. Comp. Stat. Ann. 5/1-103, 5/2-101, 5/2-102, 5/2-103, 5/2-104, and 56 Ill Adm. Code 5210.110; the Illinois Equal Pay Act; the Illinois Wage Payment and Collection Act; the Minimum Wage Law; the Right to Privacy in the Workplace Act; the Personnel Record Review Act; the Whistleblower Act; the Family Military Leave Act, and any and all claims under any other federal or Illinois statute or regulation, or any local ordinance, law or regulation, or any claim that was or could have been asserted under common law. By virtue of the foregoing, Employee agrees that he or she has waived any damages and other relief available to him or her (including, without limitation, money damages, equitable relief and reinstatement) under the claims waived in this paragraph 4. This is a general release that is intended to apply to all claims Employee may have against the Releasees through the date Employee executes this Agreement, except the sole matters to which this Agreement of Release does not apply are: (A) claims to the Severance Benefits; (B) claims under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended; (C) claims arising after the date Employee signs this Agreement and Release; (D) claims relating to any rights of indemnification under the Company Group's organizational documents or otherwise; (E) claims relating to any equity-based awards outstanding that remain outstanding following the Termination Date; (F) claims to vested accrued benefits under the Company Group's tax qualified retirement plans or non-qualified retirement plans in accordance with, and subject to, the terms and conditions of such plans and applicable law; (G) Employee's right to seek enforcement of the terms of the Severance Plan (as modified as applicable herein); and (H) any claims that cannot be waived pursuant to private agreement under law. Employee acknowledges that Employee has been informed that Employee might have specific rights and/or claims under the ADEA and OWBPA. Employee specifically waives such rights and/or claims under the ADEA or OWBPA to the extent such rights and/or claims arose on or prior to the date this Agreement of Release is executed by Employee.

(c) Nothing in this Agreement and Release is intended to prohibit or restrict Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission or any other local, state, or federal administrative body or government agency prohibiting waiver of such right; provided, however, that Employee hereby waives the right to recover any monetary damages or other relief against any Released Parties excepting any benefit or remedy to which Employee is or becomes entitled to pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Employee further understands this Agreement does not waive or restrict Employee's (i) claims for unemployment or workers' compensation benefits, (ii) claims or rights that may arise after the date that Employee signs this Agreement, (iii) claims for reimbursement of expenses under the Company's expense reimbursement policies, (iv) any vested rights under the Company's ERISA-covered employee benefit plans as applicable on the date Employee signs this Agreement, and (v) any claims that controlling law clearly states may not be released by private agreement. Moreover, nothing in this Agreement (including but not limited to the acknowledgements, release of claims, the promise not to sue, the confidentiality and non-disparagement obligations, and the return of property provision) (A) limits or affects Employee's right to challenge the validity of this Agreement under the ADEA or the OWBPA, (B) prevents Employee from communicating with, filing a charge or complaint with; providing documents or information voluntarily or in response to a subpoena or other information request to; or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration, law enforcement, or any other any federal, state or local agency charged with the enforcement of any laws, or from testifying, providing evidence, responding to a subpoena or discovery request in court litigation or arbitration, or (C) precludes non-management, non-supervisory employees from engaging in protected concerted activity under Section 7 of the NLRA or under similar state law, such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refusing to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment, except where the information was entrusted to Employee in confidence by the Company as part of Employee's job duties.

(d) Employee understands that Employee may later discover claims or facts that may be different than, or in addition to, those which Employee now knows or believes to exist with regards to the subject matter of this Agreement and Release, and which, if known at the time of executing this Agreement and Release, may have materially affected this Agreement and Release or Employee's decision to enter into it. Employee hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(e) Employee represents that Employee has made no assignment or transfer of any right or claim covered herein and that Employee further agrees that Employee is not aware of any such right or claim.

5. Non-Disparagement: Cooperation in Certain Other Legal Proceedings. Employee agrees that at no time will Employee, in public or private, engage in any form of conduct or make any statements or representations that deprecate, impugn, disparage or otherwise impair the reputation, goodwill or commercial interests of, or make any remarks that would tend to or be construed to tend to defame, the Releasees, nor shall Employee assist any other person, firm or company in so doing. Nothing in this Agreement and Release shall prohibit or restrict Employee from (i) making any disclosure of information, as required by law, in a proceeding or lawsuit in which the Company Group is a party or, additionally, in any other civil proceeding or lawsuit upon ten (10) business days' prior written notice to the Company Group; (ii) providing information to, or testifying or otherwise

assisting in an investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body or the Company Group's designated legal, compliance or human resources officers; (iii) filing, testifying, participating or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission; (iv) reporting violations of federal law or regulation or providing truthful information about this Agreement and Release, or cooperating with any investigation being conducted by any governmental agency, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation; (v) challenging the validity of this Agreement and Release as it applies to a release of claims under ADEA; (vi) accepting any U.S. Securities and Exchange Commission awards; or (vii) engaging in concerted activity relative to the terms and conditions of Employee's employment and in communications protected under the National Labor Relations Act, to the extent applicable. In addition, nothing in this Agreement and Release prohibits or restricts the Company Group or Employee from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Pursuant to 18 U.S.C. § 1833(b), Employee will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company Group or its subsidiaries or affiliates that (A) is made (x) in confidence to a Federal, State or local government official, either directly or indirectly, or to Employee's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by Company Group for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement and Release is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

6. Cooperation. Employee agrees to be reasonably available at times and for durations reasonably acceptable to both parties to assist the Company Group with respect to any issues wherein the Company Group considers Employee's knowledge or expertise reasonably beneficial. The Company Group will reimburse Employee for all reasonable out of pocket expenses that incurred while he or she is engaged in such activity. Employee will also cooperate fully with the Company Group in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company Group that relate to events or occurrences that transpired while Employee was employed by the Company Group. Employee's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company Group at mutually convenient times. Employee shall also cooperate fully with the Company Group in connection with any such investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company Group. The Company Group shall pay for any reasonable out-of-pocket expenses incurred by Employee in connection with Employee's performance of the obligations pursuant to this paragraph 5. Employee's performance under this paragraph 6 following the Termination Date shall be subject to Employee's then current employment obligations.
7. Non-Solicitation; Pre-Existing Restrictive Covenants. To the extent permitted by applicable law as applied to Employee, for a period of twelve (12) months following Employee's last day of employment with the Company Group, Employee shall not, directly or indirectly, either on Employee's own behalf or on behalf of any other person or entity, solicit, induce or encourage, or



attempt to solicit, induce or encourage, (a) the resignation of any director, officer, employee or independent contractor of the Company Group whom Employee (A) solicited, provided services to, or had business-related contact; (B) was responsible for (directly or through Employee's direct or indirect reports), or (C) learned Confidential Information about, in each case, during Employee's final year working for the Company Group, or in the case of any such independent contractor, any reduction in the services such independent contractor provides to the Company Group. For the avoidance of doubt, Employee hereby acknowledges and agrees that the provisions of Section 7 (Restrictive Covenants), Section 8 (Confidentiality) and Section 9 (Specific Performance; Tolling) of the Employment Agreement remain in full force and effect and that the duration of the non-competition covenants in Section 7(a) therein shall be 18 months.

8. **Return of Property.** Employee represents that Employee shall return as of the Termination Date to the Company Group all property belonging to the Company Group, including, but not limited to, electronic devices (e.g., Blackberry and/or laptop computer), keys, card access to buildings and office floors, and business information and documents.
9. **Severability.** If any provision of this Agreement and Release is held to be illegal, void or unenforceable, such provision shall be of no force or effect. However, the illegality or unenforceability of such provision shall have no effect upon, and shall not impair the enforceability of, any other provision of this Agreement and Release. Further, to the extent any provision of this Agreement and Release is deemed to be overbroad or unenforceable as written, such provision shall be given the maximum effect permissible under law.
10. **Entire Agreement; Counterparts.** This Agreement and Release represents the entire understanding between the parties hereto with respect to the subject matter hereof and may not be changed or modified, except by a written agreement signed by both of the parties hereto after the Effective Date (as defined below). This Agreement and Release may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument. A faxed, .pdf-ed or electronic signature shall operate the same as an original signature.
11. **Governing Law.** Except as may be preempted by federal law, this Agreement and Release shall be governed by the laws of the State of Delaware, without regard to conflict of laws principles, and the parties in any action arising out of this Agreement and Release shall be subject to the personal jurisdiction and venue of the federal and state courts, as applicable, in Wilmington, Delaware.
12. **No Admission of Wrongdoing.** Employee agrees that neither this Agreement, nor the furnishing of the consideration for this Agreement, shall be deemed or construed at any time to be an admission by the Company Group or any of the other Releasees of any improper or unlawful conduct.
13. **Non-Disclosure.** The parties agree that this Agreement and Release and its terms are confidential and shall be accorded the utmost confidentiality, except to the extent that any terms are required to be disclosed by applicable law. Employee hereby agrees to keep confidential and not disclose the terms and conditions of this Agreement to any person or entity without the prior written consent of the Company Group, except to Employee's accountants, attorneys and/or spouse, provided that they also agree to maintain the confidentiality of this Agreement. Employee shall be responsible for any disclosure by them. Employee further represent that Employee has not disclosed the terms and conditions of this Agreement to anyone other than Employee's attorneys, accountants and/or spouse. This paragraph 13 does not prohibit disclosure of this Agreement by any party if required by law, provided, that, if Employee is required to make such disclosure, Employee has given the Company Group prompt written notice of any legal process and cooperated with the Company Group's efforts to seek a protective order.

14. Confidential Information. Employee acknowledges that, during Employee’s employment with the Company Group, Employee has had access to information relating to the Company Group and its business that is not generally known by persons not employed by the Company Group and that could not easily be determined or learned by someone outside of the Company Group (“Confidential Information”). Such Confidential Information is confidential or proprietary and may include, but not be limited to, customer or client contact lists, trade secrets, patents, copyrighted materials, proprietary computer software and programs, products, systems analyses, lists of suppliers and supplier contracts, internal policies and marketing strategies, financial information relating to the Company Group and its employees and other documents and information that provide the Company Group with a competitive advantage and that could not be easily determined or learned or obtained by someone outside the Company Group. Employee further acknowledges that: (a) such Confidential Information is the exclusive, unique and valuable property of the Company Group; (b) the businesses of the Company Group depend on such Confidential Information; and (c) the Company Group wishes to protect such Confidential Information by keeping it confidential for the use and benefit of the Company Group. Employee agrees not to disclose or use such Confidential Information at any time for the five-year period following the Termination Date, except if authorized by the Company Group in writing or if required in connection with a subpoena or other legal process or investigation by any governmental, regulatory or self-regulatory agency or in connection with any legal proceeding brought against Employee, or in connection with a proceeding to enforce this Agreement and Release. Nothing in this paragraph shall be construed to prevent Employee from communicating in a manner that would interfere with Employee’s rights under the National Labor Relations Act.
15. Remedies. Employee acknowledges and agrees that the Company Group will suffer irreparable damage if any of the provisions of paragraphs 6, 7, 8, 13 or 14 of this Agreement and Release are breached, and that the Company Group’s remedies at law for a breach of such provisions would be inadequate, and, in recognition of this fact, Employee agrees that, in the event of such a breach, in addition to any remedies at law, the Company Group will be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available (without the necessity of posting bond or other security).
16. Binding Agreement; Third Party Beneficiaries. This Agreement and Release is binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns. The Releasees are expressly intended to be third-party beneficiaries of the releases set forth herein, and this Agreement and Release may be enforced by each of them.
17. ADEA Provisions. Employee acknowledges that Employee: (a) has carefully read this Agreement and Release in its entirety; (b) has had an opportunity to consider the terms of this Agreement and Release for at least twenty-one (21) days; (c) is hereby advised by the Company in writing to consult with an attorney of Employee’s choice in connection with this Agreement and Release; (d) fully understands the significance of all of the terms and conditions of this Agreement and Release and has discussed them with an attorney of Employee’s choice, or has had a reasonable opportunity to do so; and (e) is signing this Agreement and Release voluntarily and of Employee’s own free will and agrees to abide by all the terms and conditions contained herein.
18. Revocation/Effective Date. Employee may accept this Agreement and Release by signing it via DocuSign on or before the twenty-first (21st) day after he receives this Agreement and Release. After signing this Agreement and Release, Employee shall have seven (7) days (the “Revocation Period”) to revoke Employee’s decision by indicating Employee’s desire to do so in writing delivered to delivering it to Lamari Brayboy, NA Head of People Support, Thoughtworks,

Thoughtworks, 200 E. Randolph Street, 25th Floor, Chicago IL 60601 by no later than the last day of the Revocation Period. If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. Provided Employee does not revoke this Agreement and Release during the Revocation Period, the Effective Date of this Agreement and Release shall be the later of the eighth (8th) day after Employee signs this Agreement and Release and the day after the last day of the Revocation Period (the "Effective Date").

- 19. Each Party the Drafter. This Agreement and Release, and the provisions contained in it, shall not be construed or interpreted for, or against, any party to this Agreement and Release because that party drafted or caused that party's legal representatives to draft any of its provisions.
- 20. Advice of Counsel. Employee represents and certifies that they have carefully read and fully understands all of the provisions and effects of this Agreement, has knowingly and voluntarily entered into this Agreement freely and without coercion, and acknowledges that the Company advises Employee, in writing, to consult with an attorney of Employee's choice regarding the terms of this Agreement prior to executing this Agreement.

PLEASE READ THIS AGREEMENT AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING THOSE UNDER FEDERAL, STATE AND LOCAL LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT.

IN WITNESS WHEREOF, Employee and the Company have voluntarily signed this Severance Agreement and General Release consisting of eight (8) pages on the date set forth below.

Dated: October 31, 2023

/s/ Sai Mandapaty

(Signature)

November 2, 2023

Dated:

**THOUGHTWORKS HOLDING, INC.**

Accepted by: /s/ Valarie Fairchild

Name: Valarie Fairchild

**EXHIBIT A**

**SECOND AGREEMENT AND RELEASE**

Thoughtworks Holding, Inc. (the “Company”) and Sai Mandapaty (“Employee”) agree to the terms and conditions of this Second Agreement and Release as set forth below, effective as of the Effective Date (as defined below). All capitalized terms used herein, unless defined otherwise herein, shall have the meaning set forth in the Agreement and Release, signed [●], 2023 (the “First Release”) or, if not defined therein, the Severance Plan.

1. Waiver. Employee agrees that except for final earned wages, accrued and unused paid time off, and expenses submitted that will be paid in the first payroll following the Termination Date, they have been paid: (i) all amounts as reimbursement for expenses incurred during their employment and (ii) other compensation due to them, including, but not limited to all salary, hourly pay, overtime pay, bonuses (except for Annual 2023 Bonus addressed in the First Release), vacation pay, deferred compensation, variable pay, incentives, commissions, equity compensation and all other compensation of any nature whatsoever. No other sums (contingent or otherwise) shall be paid to Employee in respect of their employment by the Company except as stated herein, and any such sums (whether or not owed) arising under any Company compensation plan or otherwise related to Employee’s employment are hereby expressly waived by Employee.
  
2. Release.
  - (a) In exchange for the Severance Benefits set forth in the First Release and other valuable consideration, Employee, for himself or herself and for his or her heirs, executors, administrators, beneficiaries, trustees, and assigns (referred to collectively as “Releasors”), forever releases and discharges the Company Group and any and all of the Company Group’s parent companies, partners, subsidiaries, affiliates, predecessors, successors and assigns and any and all of its and their past and/or present officers, directors, partners, agents, employees, representatives, counsel, employee benefit plans and their fiduciaries and administrators, predecessors successors and assigns (referred to collectively as the “Releasees”), from any and all claims, suits, controversies, actions, cross-claims, counter claims, demands, causes of action, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys’ fees, and liabilities of any kind whatsoever in law and in equity, whether known or unknown, suspected, or claimed, which Releasors ever had, now have or may have against Releasees by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter up to and including the date Employee signs this Second Agreement and Release.
  - (b) Without limiting the generality of the foregoing, this Second Agreement and Release is intended to and shall release Releasees from any and all claims and liabilities, whether known or unknown, suspected, or claimed, that Releasors ever had, now have or may have against Releasees arising out of Employee’s employment with the Company Group or any of the Releasees, the terms and conditions of such employment and/or the termination of such employment, including, but not limited to: (i) any claim under the Age Discrimination in Employment Act, as amended (“ADEA”), and/or the Older Workers Benefit Protection Act (“OWBPA”), which laws prohibit discrimination on account of age; (ii) any claim under Title VII of the Civil Rights Act of 1964, as amended, which, among other things, prohibits discrimination/retaliation on account of race, color, religion, sex and national origin; (iii) any claim under the Americans with Disabilities Act (“ADA”) or Sections 503 and 504 of the Rehabilitation Act of 1973, each as amended; (iv) any

claim under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (v) any claim under the Family and Medical Leave Act; (vi) any claim or other action under the National Labor Relations Act (“NLRA”), as amended; (vii) any claim under the Workers’ Adjustment and Retraining Notification Act or the Uniformed Services Employment and Reemployment Rights Act (“USERRA”); (viii) any claim under the Sarbanes-Oxley Act of 2002; (ix) any applicable Executive Order Programs; (x) any other claim of discrimination, harassment or retaliation in employment (whether based on federal, state or local law, regulation or decision); (xi) any other claim (whether based on federal, state or local law, statute, decision, public policy, contract, tort, or doctrine of good faith and fair dealing) arising out of the terms and conditions of Employee’s employment with and termination from the Company Group and/or the Released Parties; (xii) any claims in equity or under common law for wrongful discharge, breach of contract (express, implied, written or oral), whistleblowing, constructive discharge, promissory estoppel, detrimental reliance, negligence, defamation, emotional distress, compensatory or punitive damages, and/or equitable relief; (xiii) any claims under federal, state or local occupational safety and health laws or regulations, all as amended; (xiv) any claim for attorneys’ fees, costs, disbursements and/or the like (xv) any claim under the Employment Agreement and (xvi) any claim under the Illinois Human Rights Act, 775 Ill. Comp. Stat. Ann. 5/1-103, 5/2-101, 5/2-102, 5/2-103, 5/2-104, and 56 Ill Adm. Code 5210.110; the Illinois Equal Pay Act; the Illinois Wage Payment and Collection Act; the Minimum Wage Law; the Right to Privacy in the Workplace Act; the Personnel Record Review Act; the Whistleblower Act; the Family Military Leave Act, and any and all claims under any other federal or Illinois statute or regulation, or any local ordinance, law or regulation, or any claim that was or could have been asserted under common law. By virtue of the foregoing, Employee agrees that he or she has waived any damages and other relief available to him or her (including, without limitation, money damages, equitable relief and reinstatement) under the claims waived in this paragraph 4. This is a general release that is intended to apply to all claims Employee may have against the Releasees through the date Employee executes this Agreement, except the sole matters to which this Agreement of Release does not apply are: (A) claims to the Severance Benefits; (B) claims under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended; (C) claims arising after the date Employee signs this Second Agreement and Release; (D) claims relating to any rights of indemnification under the Company Group’s organizational documents or otherwise; (E) claims relating to any equity-based awards outstanding that remain outstanding following the Termination Date; (F) claims to vested accrued benefits under the Company Group’s tax qualified retirement plans or non-qualified retirement plans in accordance with, and subject to, the terms and conditions of such plans and applicable law; (G) Employee’s right to seek enforcement of the terms of the Severance Plan (as modified as applicable herein); and (H) any claims that cannot be waived pursuant to private agreement under law. Employee acknowledges that Employee has been informed that Employee might have specific rights and/or claims under the ADEA and OWBPA. Employee specifically waives such rights and/or claims under the ADEA or OWBPA to the extent such rights and/or claims arose on or prior to the date this Agreement of Release is executed by Employee.

**(c) Nothing in this Second Agreement and Release is intended to prohibit or restrict Employee’s right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission or any other local, state, or federal administrative body or government agency prohibiting waiver of such right; provided, however, that Employee hereby waives the right to recover any monetary damages or other relief against any Released Parties excepting any benefit or remedy to which Employee is or becomes entitled to pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Employee further understands this Second and Release Agreement does not waive or restrict Employee’s (i) claims for unemployment or workers’ compensation benefits, (ii) claims or rights that may arise after the date that Employee signs this Second Agreement,**

(iii) claims for reimbursement of expenses under the Company's expense reimbursement policies, (iv) any vested rights under the Company's ERISA-covered employee benefit plans as applicable on the date Employee signs this Second and Release Agreement, and (v) any claims that controlling law clearly states may not be released by private agreement. Moreover, nothing in this Second and Release Agreement (including but not limited to the acknowledgements, release of claims, the promise not to sue, the confidentiality and non-disparagement obligations, and the return of property provision) (i) limits or affects Employee's right to challenge the validity of this Second and Release Agreement under the ADEA or the OWBPA, (ii) prevents Employee from communicating with, filing a charge or complaint with; providing documents or information voluntarily or in response to a subpoena or other information request to, or from participating in, an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration, law enforcement, or any other any federal, state or local agency charged with the enforcement of any laws, or from testifying, providing evidence, responding to a subpoena or discovery request in court litigation or arbitration, or (iii) precludes non-management, non-supervisory employees from engaging in protected concerted activity under Section 7 of the NLRA or under similar state law, such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refusing to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment, except where the information was entrusted to Employee in confidence by the Company as part of Employee's job duties.

(d) Employee understands that Employee may later discover claims or facts that may be different than, or in addition to, those which Employee now knows or believes to exist with regards to the subject matter of this Second Agreement and Release, and which, if known at the time of executing this Second Agreement and Release, may have materially affected this Second Agreement and Release or Employee's decision to enter into it. Employee hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(e) Employee represents that Employee has made no assignment or transfer of any right or claim covered herein and that Employee further agrees that Employee is not aware of any such right or claim.

3. Return of Property. Employee represents that Employee has returned to the Company Group all property belonging to the Company Group, including, but not limited to, electronic devices (e.g., Blackberry and/or laptop computer), keys, card access to buildings and office floors, and business information and documents.
4. Binding Agreement; Third Party Beneficiaries. This Second Agreement and Release is binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns. The Releasees are expressly intended to be third-party beneficiaries of the releases set forth herein, and this Second Agreement and Release may be enforced by each of them.
5. ADEA Provisions. Employee acknowledges that Employee: (a) has carefully read this Second Agreement and Release in its entirety; (b) has had an opportunity to consider the terms of this Second Agreement and Release for at least twenty-one (21) days; (c) is hereby advised by the Company in writing to consult with an attorney of Employee's choice in connection with this

Second Agreement and Release; (d) fully understands the significance of all of the terms and conditions of this Second Agreement and Release and has discussed them with an attorney of Employee's choice, or has had a reasonable opportunity to do so; and (e) is signing this Second Agreement and Release voluntarily and of Employee's own free will and agrees to abide by all the terms and conditions contained herein.

6. Revocation/Effective Date. Employee may accept this Second Agreement and Release by signing it via DocuSign on or before the twenty-first (21st) day after he receives this Second Agreement and Release. Notwithstanding the foregoing, Employee may not sign this Second Agreement and Release before Employee's last day of employment and this Second Agreement and Release will not be accepted or effective if signed before the Termination Date. After signing this Second Agreement and Release, Employee shall have seven (7) days (the "Revocation Period") to revoke Employee's decision by indicating Employee's desire to do so in writing delivered to delivering it to Lamari Brayboy, NA Head of People Support, Thoughtworks, Thoughtworks, 200 E. Randolph Street, 25th Floor, Chicago IL 60601 at the above address by no later than the last day of the Revocation Period. If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. Provided Employee does not revoke this Second Agreement and Release during the Revocation Period, the Effective Date of this Second Agreement and Release shall be the later of the eighth (8th) day after Employee signs this Second Agreement and Release or the day after the last day of the Revocation Period (the "Effective Date"). For the avoidance of doubt, in the event Employee fails to execute, or revokes execution of, this Second Agreement and Release, Employee shall not be entitled to the Severance Benefits.
7. Each Party the Drafter. This Second Agreement and Release, and the provisions contained in it, shall not be construed or interpreted for, or against, any party to this Second Agreement and Release because that party drafted or caused that party's legal representatives to draft any of its provisions.
8. Advice of Counsel. Employee represents and certifies that they have carefully read and fully understands all of the provisions and effects of this Second Agreement and Release, has knowingly and voluntarily entered into this Second Agreement and Release freely and without coercion, and acknowledges that the Company advises Employee, in writing, to consult with an attorney of Employee's choice regarding the terms of this Second Agreement and Release prior to executing this Second Agreement and Release.
9. Incorporation of First Release. Employee acknowledges and agrees that the provisions of the First Release which are not covered by this Second Agreement and Release are specifically incorporated herein *mutatis mutandis* and references to the Agreement and Release in the First Release shall include this Second Agreement and Release.

PLEASE READ THIS SECOND AGREEMENT AND RELEASE AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. THIS SECOND AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING THOSE UNDER FEDERAL, STATE AND LOCAL LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT.

Dated: \_\_\_\_\_ (Signature)

\_\_\_\_\_  
Dated:

**THOUGHTWORKS HOLDING, INC.**

Accepted by:

Name:

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**Certification by Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Guo Xiao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Thoughtworks Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

/s/ Guo Xiao

Guo Xiao

Chief Executive Officer and Director  
(Principal Executive Officer)

**Certification by Chief Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Erin Cummins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Thoughtworks Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the

audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023

/s/ Erin Cummins

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Erin Cummins

Chief Financial Officer  
(Principal Financial Officer and Principal Accounting  
Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Thoughtworks Holding, Inc. (the "Company") for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Guo Xiao, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- i. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: November 7, 2023

/s/ Guo Xiao

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Guo Xiao

Chief Executive Officer and Director  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Thoughtworks Holding, Inc. (the "Company") for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Erin Cummins, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to her knowledge:

- i. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: November 7, 2023

/s/ Erin Cummins

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Erin Cummins

Chief Financial Officer  
*(Principal Financial Officer and Principal Accounting Officer)*