



TaskUs Announces Fiscal Third Quarter 2024 Results

NEW BRAUNFELS, Texas, November 7, 2024 — TaskUs, Inc. (Nasdaq: TASK), a leading provider of outsourced digital services and next-generation customer experience to the world’s most innovative companies, today announced its results for the third quarter ended September 30, 2024.

- **Total revenues of \$255.3 million**, 13.2% year-over-year growth. Exceeding the top-end of our guidance by \$9.3 million.
- **Net income of \$12.7 million**, net income margin of 5.0%.
- **Adjusted Net Income of \$34.3 million**, Adjusted Net Income margin of 13.4%.
- **Diluted EPS of \$0.14**, Adjusted EPS of \$0.37.
- **Adjusted EBITDA of \$54.2 million**, Adjusted EBITDA margin of 21.2%. Exceeding our midpoint guidance by \$1.5 million.
- **Net cash provided by operating activities of \$17.0 million**, Free Cash Flow of \$6.3 million and 11.6% conversion of Adjusted EBITDA to Free Cash Flow. Adjusted Free Cash Flow of \$9.1 million and 16.8% conversion of Adjusted EBITDA to Adjusted Free Cash Flow.

"Our team has continued to deliver results that exceed expectations. In Q3 we delivered the highest quarterly revenue in our company’s history and returned to double-digit year-over-year revenue growth of 13.2%. We expect another record-setting quarter in Q4, as we once again deliver accelerating, double-digit growth," said Co-Founder and CEO, Bryce Maddock. "While many competitors have struggled this year, we’ve taken the opportunity to go on the offensive—investing in our specialized services, deploying new technologies, and ramping up sales and marketing. This strategy has driven results, enabling us to increase the midpoint of our full-year guidance by \$64 million since our initial 2024 guide."

Third Quarter 2024 Financial and Frontline Highlights

(\$ in thousands, except per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Service revenue	\$ 255,345	\$ 225,626	13.2 %	\$ 720,743	\$ 690,101	4.4 %
Net income	\$ 12,699	\$ 9,772	30.0 %	\$ 37,011	\$ 29,413	25.8 %
<i>Net income margin</i>	5.0 %	4.3 %		5.1 %	4.3 %	
Adjusted Net Income	\$ 34,277	\$ 29,961	14.4 %	\$ 90,184	\$ 94,294	(4.4)%
<i>Adjusted Net Income margin</i>	13.4 %	13.3 %		12.5 %	13.7 %	
Diluted EPS	\$ 0.14	\$ 0.10	40.0 %	\$ 0.40	\$ 0.30	33.3 %
Adjusted EPS	\$ 0.37	\$ 0.32	15.6 %	\$ 0.98	\$ 0.96	2.1 %
Adjusted EBITDA	\$ 54,215	\$ 52,452	3.4 %	\$ 156,072	\$ 161,781	(3.5)%
<i>Adjusted EBITDA margin</i>	21.2 %	23.2 %		21.7 %	23.4 %	
Net cash provided by operating activities	\$ 17,019	\$ 21,682	(21.5)%	\$ 98,230	\$ 103,895	(5.5)%
Free Cash Flow	\$ 6,286	\$ 13,823	(54.5)%	\$ 79,409	\$ 80,991	(2.0)%
<i>Conversion of Adjusted EBITDA to Free Cash Flow</i>	11.6 %	26.4 %		50.9 %	50.1 %	
Adjusted Free Cash Flow	\$ 9,097	\$ 32,164	(71.7)%	\$ 82,220	\$ 99,332	(17.2)%
<i>Conversion of Adjusted EBITDA to Adjusted Free Cash Flow</i>	16.8 %	61.3 %		52.7 %	61.4 %	

- All three service lines delivered year-over-year revenue growth in Q3. The growth rates in each service line are expected to accelerate in Q4 of 2024.
- Increased our midpoint, full-year revenue guidance by \$24 million this quarter, and \$64 million since our initial 2024 guidance.
- Added 3,100 teammates since the second quarter, ending the third quarter of 2024 with 54,800 teammates.
- Net Debt to Adjusted EBITDA leverage ratio was 0.4 times.

"In Q3, we continued to experience strong global demand from both new and existing clients, generating \$255.3 million in revenue - the highest quarterly revenue in our history," said Balaji Sekar, Chief Financial Officer. "We saw broad-based growth across our client verticals and delivery geographies, particularly in Latin America and Europe. I am proud of the disciplined performance our team delivered in a competitive market environment, resulting in a year-over-year increase of more than 3% in our Adjusted EBITDA, including the significant investments we continue to make in sales, marketing, technology, and operations to support our ongoing revenue growth acceleration. Looking ahead, we expect full-year 2024 revenues to range from \$988 million to \$990 million and to deliver approximately \$213 million in Adjusted EBITDA and \$110 million Adjusted Free Cash Flow at the midpoint of our guidance."

Fourth Quarter and Full Year 2024 Outlook

For the fourth quarter and full year 2024, TaskUs expects its financial results to include^{1, 2}:

	2024 Outlook	
	Fourth Quarter	Full Year
Revenue (in millions)	\$267.3 to \$269.3	\$988 to \$990
Revenue change (YoY) at midpoint	14.5%	7.0%
Adjusted EBITDA Margin ¹	~21.1%	~21.5%
Adjusted Free Cash Flow (in millions) ²	N/A	~\$110

1. With respect to the non-GAAP Adjusted EBITDA margin outlook provided above, a reconciliation to the closest GAAP financial measure has not been provided as the quantification of certain items included in the calculation of GAAP net income (loss) cannot be calculated or predicted at this time without unreasonable efforts. For example, the non-GAAP adjustment for stock-based compensation expense requires additional inputs such as number of shares granted and market price that are not currently ascertainable, and the non-GAAP adjustment for foreign currency gains or losses depends on the timing and magnitude of changes in foreign currency exchange rates and cannot be accurately forecasted. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could have a potentially unpredictable, and potentially significant, impact on its future GAAP financial results.
2. Adjusted Free Cash Flow is calculated as net cash provided by operating activities in the period minus cash used for purchase of property and equipment in the period, excluding certain non-recurring adjustments. At the midpoint of our guidance, net cash provided by operating activities for the full year 2024, excluding certain litigation-related payments, is expected to be approximately \$146 million and purchase of property and equipment is expected to be approximately \$36 million. Our Adjusted Free Cash Flow guidance and expected net cash provided by operating activities excludes the impact of certain litigation costs, which are non-recurring and outside the ordinary course of business, due to the unpredictability of the costs and timing of payments.

Conference Call Information

TaskUs senior management will host a conference call today to discuss the Company's third quarter 2024 financial results and financial outlook. This call is scheduled to begin at 5:00 pm ET. Analysts and investors who wish to participate in the call can register by visiting <https://register.vevent.com/register/B18fce858f29da495b8940187fddefb841>. To listen to a live audio webcast, please visit TaskUs' Investor Relations website at IR.Taskus.com. A replay of the audio webcast will be available on the same website for 12 months following the call. At the time of the conference call and webcast, the Company will post a slide presentation and other materials on its website.

About TaskUs

TaskUs is a leading provider of outsourced digital services and next-generation customer experience to the world's most innovative companies, helping its clients represent, protect, and grow their brands. Leveraging a cloud-based infrastructure, TaskUs serves clients in the fastest-growing sectors, including social media, e-commerce, gaming, streaming media, food delivery and ride-sharing, Technology, FinTech, and HealthTech. As of September 30, 2024, TaskUs had a worldwide headcount of approximately 54,800 people across 28 locations in 12 countries, including the United States, the Philippines, and India.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts, and further include, without limitation, statements reflecting our current views with respect to, among other things, our operations, our financial performance, our industry, the impact of the macroeconomic environment on our business, and other non-historical statements including the statements in the "Fourth Quarter and Full Year 2024 Outlook" section of this press release. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "trends," "plans," "estimates," "anticipates," "position us" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors include but are not

limited to: the dependence of our business on key clients; the risk of loss of business or non-payment from clients; our failure to cost-effectively acquire and retain new clients; the risk that we may provide inadequate service or cause disruptions in our clients' businesses or fail to comply with the quality standards required by our clients under our agreements; utilization of artificial intelligence by our clients or our failure to incorporate artificial intelligence into our operations; our inability to anticipate clients' needs by adapting to market and technology trends; unauthorized or improper disclosure of personal or other sensitive information, or security breaches and incidents; negative publicity or liability or difficulty recruiting and retaining employees; our failure to detect and deter criminal or fraudulent activities or other misconduct by our employees or third parties; global economic and political conditions, especially in the social media and meal delivery and transport industries from which we generate significant revenue; the dependence of our business on our international operations, particularly in the Philippines and India; our failure to comply with applicable data privacy and security laws and regulations; fluctuations against the U.S. dollar in the local currencies in the countries in which we operate; our inability to maintain and enhance our brand; competitive pricing pressure; our dependence on senior management and key employees; increases in employee expenses and changes to labor laws; failure to attract, hire, train and retain a sufficient number of skilled employees to support operations; our inability to effectively expand our operations into countries or industries in which we have no prior operating experience and in which we may be subject to increased business, economic and regulatory risks; reliance on owned and third-party technology and computer systems; failure to maintain asset utilization levels, price appropriately and control costs; the control of affiliates of Blackstone Inc. and our Co-Founders over us; and the dual class structure of our common stock. Additional risks and uncertainties include but are not limited to those described under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on March 8, 2024, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's SEC filings. TaskUs undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

Non-GAAP Measures

TaskUs supplements results reported in accordance with United States generally accepted accounting principles ("GAAP"), with non-GAAP financial measures, such as Adjusted Net Income, Adjusted Net Income Margin, Adjusted EPS, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Free Cash Flow, Conversion of Adjusted EBITDA to Free Cash Flow and Conversion of Adjusted EBITDA to Adjusted Free Cash Flow. Management believes these measures help illustrate underlying trends in TaskUs' business and uses the measures to establish budgets and operational goals, communicate internally and externally, and manage TaskUs' business and evaluate its performance. Management also believes these measures help investors compare TaskUs' operating performance with its results in prior periods. TaskUs anticipates that it will continue to report both GAAP and certain non-GAAP financial measures in its financial results, including non-GAAP results that exclude the impact of certain costs, losses and gains that are required to be included in our profit and loss measures under GAAP. Because TaskUs' reported non-GAAP financial measures are not calculated in accordance with GAAP, these measures are not comparable to GAAP and may not be comparable to similarly described non-GAAP measures reported by other companies within TaskUs' industry. Consequently, TaskUs' non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but rather, should be considered together with the information in TaskUs' consolidated financial statements, which are prepared in accordance with GAAP. Definitions of non-GAAP financial measures and the reconciliations to the most directly comparable measures in accordance with GAAP are provided in subsequent sections of this press release narrative and supplemental schedules.

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TaskUs, Inc.
Condensed Consolidated Statements of Income (unaudited)
(in thousands, except per share data)

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

TaskUs, Inc.
Condensed Consolidated Balance Sheets (unaudited)
(in thousands)

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 180,381	\$ 125,776
Accounts receivable, net of allowance for credit losses of \$1,836 and \$1,978, respectively	200,780	176,812
Income tax receivable	8,472	2,021
Prepaid expenses and other current assets	29,777	23,909
Total current assets	<u>419,410</u>	<u>328,518</u>
Noncurrent assets:		
Property and equipment, net	65,127	68,893
Operating lease right-of-use assets	47,352	44,326
Deferred tax assets	6,651	4,857
Intangibles	178,084	192,958
Goodwill	218,359	218,108
Other noncurrent assets	7,114	6,542
Total noncurrent assets	<u>522,687</u>	<u>535,684</u>
Total assets	<u>\$ 942,097</u>	<u>\$ 864,202</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 38,464	\$ 26,054
Accrued payroll and employee-related liabilities	59,514	40,291
Current portion of debt	13,122	8,059
Current portion of operating lease liabilities	18,116	15,872
Current portion of income tax payable	6,239	7,451
Deferred revenue	3,646	4,077
Total current liabilities	<u>139,101</u>	<u>101,804</u>
Noncurrent liabilities:		
Income tax payable	4,678	4,621
Long-term debt	246,325	256,166
Operating lease liabilities	31,677	31,475
Accrued payroll and employee-related liabilities	5,212	3,978
Deferred tax liabilities	25,229	25,214
Other noncurrent liabilities	85	233
Total noncurrent liabilities	<u>313,206</u>	<u>321,687</u>
Total liabilities	<u>452,307</u>	<u>423,491</u>
Total shareholders' equity	<u>489,790</u>	<u>440,711</u>
Total liabilities and shareholders' equity	<u>\$ 942,097</u>	<u>\$ 864,202</u>

TaskUs, Inc.
Condensed Consolidated Statement of Cash Flows (unaudited)
(in thousands)

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

TaskUs, Inc.
Non-GAAP Reconciliations
Adjusted EBITDA (unaudited)
(in thousands, except margin amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	\$ 12,699	\$ 9,772	\$ 37,011	\$ 29,413
Provision for income taxes	5,093	4,565	18,938	17,925
Financing expenses	5,504	5,712	16,532	16,141
Depreciation	9,758	9,762	30,525	29,502
Amortization of intangible assets	4,988	5,027	14,955	15,276
EBITDA	\$ 38,042	\$ 34,838	\$ 117,961	\$ 108,257
Transaction costs ⁽¹⁾	—	—	—	245
Earn-out consideration ⁽²⁾	—	(53)	—	7,863
Foreign currency losses ⁽³⁾	2,490	3,494	2,192	1,316
Loss (gain) on disposal of assets	(10)	640	(93)	772
Severance costs ⁽⁴⁾	—	60	487	1,628
Litigation costs ⁽⁵⁾	4,412	—	7,030	—
Stock-based compensation expense ⁽⁶⁾	10,742	13,946	32,434	42,725
Interest income ⁽⁷⁾	(1,461)	(473)	(3,939)	(1,025)
Adjusted EBITDA	\$ 54,215	\$ 52,452	\$ 156,072	\$ 161,781
Net Income Margin ⁽⁸⁾	5.0 %	4.3 %	5.1 %	4.3 %
Adjusted EBITDA Margin ⁽⁸⁾	21.2 %	23.2 %	21.7 %	23.4 %

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

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

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

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

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

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

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

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

TaskUs, Inc.
Non-GAAP Reconciliations
Adjusted Net Income (unaudited)
(in thousands, except margin amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	\$ 12,699	\$ 9,772	\$ 37,011	\$ 29,413
Amortization of intangible assets	4,988	5,027	14,955	15,276
Transaction costs ⁽¹⁾	—	—	—	245
Earn-out consideration ⁽²⁾	—	(53)	—	7,863
Foreign currency losses ⁽³⁾	2,490	3,494	2,192	1,316
Loss (gain) on disposal of assets	(10)	640	(93)	772
Severance costs ⁽⁴⁾	—	60	487	1,628
Litigation costs ⁽⁵⁾	4,412	—	7,030	—
Stock-based compensation expense ⁽⁶⁾	10,742	13,946	32,434	42,725
Tax impacts of adjustments ⁽⁷⁾	(1,044)	(2,925)	(3,832)	(4,944)
Adjusted Net Income	<u>\$ 34,277</u>	<u>\$ 29,961</u>	<u>\$ 90,184</u>	<u>\$ 94,294</u>
Net Income Margin ⁽⁸⁾	<u>5.0 %</u>	<u>4.3 %</u>	<u>5.1 %</u>	<u>4.3 %</u>
Adjusted Net Income Margin ⁽⁸⁾	<u>13.4 %</u>	<u>13.3 %</u>	<u>12.5 %</u>	<u>13.7 %</u>

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

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

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

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

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

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

(7) Represents tax impacts of adjustments to net income which resulted in a tax benefit during the period, including stock-based compensation expense, earn-out consideration, litigation costs and severance. After these adjustments, we applied a non-GAAP effective tax rate of 18.6% and 26.5% for the three months ended September 30, 2024 and 2023, respectively, and 23.7% and 23.0% for the nine months ended September 30, 2024 and 2023, respectively, to non-GAAP income before income taxes.

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

TaskUs, Inc.
Non-GAAP Reconciliations
Adjusted EPS (unaudited)

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

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

TaskUs, Inc.
Non-GAAP Reconciliations
Free Cash Flow (unaudited)
(in thousands, except percentages)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 17,019	\$ 21,682	\$ 98,230	\$ 103,895
Purchase of property and equipment	(10,733)	(7,859)	(18,821)	(22,904)
Free Cash Flow	\$ 6,286	\$ 13,823	\$ 79,409	\$ 80,991
Payment for earn-out consideration	—	18,341	—	18,341
Payment for litigation costs	\$ 2,811	\$ —	\$ 2,811	\$ —
Adjusted Free Cash Flow	\$ 9,097	\$ 32,164	\$ 82,220	\$ 99,332
Conversion of Adjusted EBITDA to Free Cash Flow ⁽¹⁾	11.6 %	26.4 %	50.9 %	50.1 %
Conversion of Adjusted EBITDA to Adjusted Free Cash Flow ⁽¹⁾	16.8 %	61.3 %	52.7 %	61.4 %

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

Definitions of Non-GAAP Metrics

EBITDA and Adjusted EBITDA

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

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

Adjusted EBITDA Margin represents Adjusted EBITDA divided by service revenue.

Adjusted Net Income

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

Adjusted Net Income Margin represents Adjusted Net Income divided by service revenue.

Adjusted EPS

Adjusted EPS is a non-GAAP profitability measure that represents earnings available to shareholders excluding the impact of certain items that are considered to hinder comparison of the performance of our business on a period-over-period basis or with other businesses. Adjusted EPS is calculated as Adjusted Net Income divided by our diluted weighted-average number of shares outstanding. Our management believes that the inclusion of supplementary adjustments to earnings per

share applied in presenting Adjusted EPS are appropriate to provide additional information to investors about certain material non-cash items and about unusual items that we do not expect to continue at the same level in the future.

Free Cash Flow

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

Adjusted Free Cash Flow is a non-GAAP liquidity measure that represents Free Cash Flow before the payment of earn-out consideration and certain litigation costs, that are considered non-recurring and outside of the ordinary course of business, which would hinder comparison of the performance of our business on a period-over-period basis or with other businesses. Our management believes that the inclusion of these supplementary adjustments to Free Cash Flow are appropriate to provide additional information to investors about these unusual items that we do not expect to continue at the same level in the future.

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