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 March 31, 2024

or

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

For the transition period from_____________to______________

Commission File Number: 001-40482

TaskUs, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**83-1586636** (I.R.S. Employer Identification No.)
1650 Independence Drive, Suite 100 **New Braunfels, Texas** (Address of principal executive offices)	**78132** (Zip Code)

(888) 400-8275
(Registrant's telephone number, including area code)

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☒

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 May 2, 2024, the number of shares outstanding of the registrant's common stock was as follows: Class A common stock, par value $0.01 per share: 18,033,657; Class B common stock, par value $0.01 per share: 70,032,694.

TASKUS, INC.
Quarterly Report on Form 10-Q
For Quarterly Period Ended March 31, 2024
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- Our business is dependent on key clients, and the loss of a key client could have an adverse effect on our business and results of operations.
- Our clients may terminate contracts before completion or choose not to renew contracts and a loss of business or non-payment from clients could materially affect our results of operations.
- We may fail to cost-effectively acquire and retain new clients, which would adversely affect our business, financial condition and results of operations.
- If we provide inadequate service or cause disruptions in our clients' businesses or fail to comply with the quality standards required by our clients under our agreements, it could result in significant costs to us, the loss of our clients and damage to our corporate reputation.
- Utilization of artificial intelligence by our clients or our failure to incorporate artificial intelligence into our operations could adversely affect our business, reputation, or financial results.
- Our business prospects will suffer if we are unable to continue to anticipate our clients' needs by adapting to market and technology trends, investing in technology as it develops, and adapting our services and solutions to changes in technology and client expectations.
- Unauthorized or improper disclosure of personal or other sensitive information, or security breaches and incidents, whether inadvertent or purposeful, including as the result of a cyber-attack, could result in liability and harm our reputation, each of which could adversely affect our business, financial condition, results of operations and prospects.
- Trust and Safety, including content monitoring and moderation services, is a large portion of our business. The long term impacts on the mental health and well-being of our employees doing this work are unknown. This work may lead to stress disorders and may create liabilities for us. This work is also subject to significant press and regulatory scrutiny. As a result, we may be subject to negative publicity or liability, or face difficulties recruiting and retaining employees, any of which could have an adverse effect on our reputation, business, financial condition and results of operations.
- Our failure to detect and deter criminal or fraudulent activities or other misconduct by our employees, or third parties such as contractors and consultants that may have access to our data, could result in loss of trust from our clients and negative publicity, which would have an adverse effect on our business and results of operations.
- Global economic and political conditions, especially in the social media and meal delivery and transport industries from which we generate significant revenue, could adversely affect our business, results of operations, financial condition and prospects.
- Our business is heavily dependent upon our international operations, particularly in the Philippines and India, and any disruption to those operations would adversely affect us.
- Our business is subject to a variety of U.S. federal and state, as well as international laws and regulations, including those regarding data privacy and security, and we or our clients may be subject to regulations related to the processing of certain types of sensitive and confidential information. Any failure to comply with applicable data privacy and security laws and regulations could harm our business, results of operations and financial condition.
- Fluctuations against the U.S. dollar in the local currencies in the countries in which we operate could have a material effect on our results of operations.
- Our business depends on a strong brand and corporate reputation, and if we are not able to maintain and enhance our brand, our ability to expand our client base will be impaired and our business and operating results will be adversely affected.
- Pricing pressure may reduce our revenue or gross profits and adversely affect our financial results.
- Our results of operations have been, and could in the future be, adversely affected by volatile, unfavorable or uncertain economic and political conditions, particularly in the markets in which our clients and operations are concentrated, and the effects of these conditions on our clients' businesses.
- The success of our business depends on our senior management and key employees.
- Increases in employee expenses as well as changes to labor laws could reduce our profit margin.
- We may fail to attract, hire, train and retain sufficient numbers of skilled employees in a timely fashion at our sites to support our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.
- We may face difficulties as we expand our operations into countries or industries in which we have no prior operating experience and in which we may be subject to increased business, economic and regulatory risks that could impact our results of operations.
- Our business relies heavily on owned and third-party technology and computer systems, which subjects us to various uncertainties.
- Our profitability will suffer if we are not able to maintain asset utilization levels, price appropriately and control our costs.
- Our Sponsor and our Co-Founders control us and their interests may conflict with ours or yours in the future.
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our common stock prior to the completion of our June 2021 initial public offering ("IPO"), and it may depress the trading price of our Class A common stock.

- The market price of shares of our Class A common stock has been, and may continue to be, volatile and may decline regardless of our operating performance, which could cause the value of your investment to decline.

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

WEBSITE AND SOCIAL MEDIA DISCLOSURE

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

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 165,350	$ 125,776
Accounts receivable, net of allowance for credit losses of $1,658 and $1,978, respectively	165,494	176,812
Income tax receivable	1,042	2,021
Prepaid expenses and other current assets	24,170	23,909
Total current assets	356,056	328,518
Noncurrent assets:		
Property and equipment, net	61,777	68,893
Operating lease right-of-use assets	39,144	44,326
Deferred tax assets	5,915	4,857
Intangibles	187,771	192,958
Goodwill	217,613	218,108
Other noncurrent assets	6,235	6,542
Total noncurrent assets	518,455	535,684
Total assets	$ 874,511	$ 864,202
Liabilities and Shareholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 24,684	$ 26,054
Accrued payroll and employee-related liabilities	40,346	40,291
Current portion of debt	9,747	8,059
Current portion of operating lease liabilities	15,107	15,872
Current portion of income tax payable	12,035	7,451
Deferred revenue	4,120	4,077
Total current liabilities	106,039	101,804
Noncurrent liabilities:		
Income tax payable	4,620	4,621
Long-term debt	252,885	256,166
Operating lease liabilities	26,605	31,475
Accrued payroll and employee-related liabilities	4,354	3,978
Deferred tax liabilities	25,184	25,214
Other noncurrent liabilities	230	233
Total noncurrent liabilities	313,878	321,687
Total liabilities	419,917	423,491
Commitments and Contingencies (See Note 10)		
Shareholders' equity:		
Class A common stock, $0.01 par value. Authorized 2,500,000,000; 31,020,925 issued and 18,938,691 outstanding and 30,522,570 issued and 18,725,947 outstanding, respectively	310	305
Class B convertible common stock, $0.01 par value. Authorized 250,000,000; 70,032,694 and 70,032,694 shares issued and outstanding, respectively	700	700
Additional paid-in capital	691,968	683,117
Accumulated deficit	(78,270)	(89,984)
Accumulated other comprehensive loss	(12,859)	(9,551)
Treasury stock, at cost. 12,082,234 and 11,796,623 shares, respectively	(147,255)	(143,876)
Total shareholders' equity	454,594	440,711
Total liabilities and shareholders' equity	$ 874,511	$ 864,202

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Service revenue	$ 227,470	$ 235,306
Operating expenses:		
Cost of services	135,411	137,762
Selling, general, and administrative expense	52,904	64,294
Depreciation	10,789	9,661
Amortization of intangible assets	4,985	5,124
Loss (gain) on disposal of assets	(177)	65
Total operating expenses	203,912	216,906
Operating income	23,558	18,400
Other income, net	(202)	(2,177)
Financing expenses	5,538	5,099
Income before income taxes	18,222	15,478
Provision for income taxes	6,508	5,969
Net income	$ 11,714	$ 9,509
Net income per common share:		
Basic	$ 0.13	$ 0.10
Diluted	$ 0.13	$ 0.09
Weighted-average number of common shares outstanding:		
Basic	88,795,211	97,561,650
Diluted	91,849,886	100,952,573

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended March 31,	
	2024	**2023**
Net income	$ 11,714	$ 9,509
Retirement benefit reserves	5	8
Foreign currency translation adjustments	(3,313)	3,583
Comprehensive income	$ 8,406	$ 13,100

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Capital stock and additional paid-in capital									
	Class A common stock		Class B convertible common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Treasury stock		Total shareholders' equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2022	29,257,651	$ 293	70,032,694	$ 700	$ 631,908	$ (135,674)	$ (10,647)	1,649,931	$ (30,967)	$ 455,613
Issuance of common stock for settlement of equity awards	246,537	2	—	—	207	—	—	—	—	209
Shares withheld related to net share settlement	(14,293)	—	—	—	(257)	—	—	—	—	(257)
Repurchase of common stock	—	—	—	—	—	—	—	389,801	(6,374)	(6,374)
Stock-based compensation expense	—	—	—	—	13,464	—	—	—	—	13,464
Net income	—	—	—	—	—	9,509	—	—	—	9,509
Other comprehensive income	—	—	—	—	—	—	3,591	—	—	3,591
Balance as of March 31, 2023	29,489,895	$ 295	70,032,694	$ 700	$ 645,322	$ (126,165)	$ (7,056)	2,039,732	$ (37,341)	$ 475,755

	Capital stock and additional paid-in capital									
	Class A common stock		Class B convertible common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Treasury stock		Total shareholders' equity
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance as of December 31, 2023	30,522,570	$ 305	70,032,694	$ 700	$ 683,117	$ (89,984)	$ (9,551)	11,796,623	$ (143,876)	$ 440,711
Issuance of common stock for settlement of equity awards	620,835	6	—	—	189	—	—	—	—	195
Shares withheld related to net share settlement	(122,480)	(1)	—	—	(1,573)	—	—	—	—	(1,574)
Repurchase of common stock	—	—	—	—	—	—	—	285,611	(3,379)	(3,379)
Stock-based compensation expense	—	—	—	—	10,235	—	—	—	—	10,235
Net income	—	—	—	—	—	11,714	—	—	—	11,714
Other comprehensive loss	—	—	—	—	—	—	(3,308)	—	—	(3,308)
Balance as of March 31, 2024	31,020,925	$ 310	70,032,694	$ 700	$ 691,968	$ (78,270)	$ (12,859)	12,082,234	$ (147,255)	$ 454,594

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 11,714	$ 9,509
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,789	9,661
Amortization of intangibles	4,985	5,124
Amortization of debt financing fees	149	149
Loss (gain) on disposal of assets	(177)	65
Benefit from credit losses	(258)	—
Unrealized foreign exchange losses (gains) on forward contracts	1,497	(6,336)
Deferred taxes	(1,094)	(90)
Stock-based compensation expense	10,235	13,464
Changes in operating assets and liabilities:		
Accounts receivable	11,296	8,070
Prepaid expenses and other current assets	(331)	(16)
Operating lease right-of-use assets	3,941	3,825
Other noncurrent assets	207	34
Accounts payable and accrued liabilities	(3,866)	(5,356)
Accrued payroll and employee-related liabilities	805	3,520
Operating lease liabilities	(4,374)	(3,310)
Income tax payable	5,614	5,789
Deferred revenue	47	(417)
Other noncurrent liabilities	(2)	(2)
Net cash provided by operating activities	51,177	43,683
Cash flows from investing activities:		
Purchase of property and equipment	(3,572)	(5,244)
Investment in loan receivable	—	(1,000)
Net cash used in investing activities	(3,572)	(6,244)
Cash flows from financing activities:		
Payments on long-term debt	(1,688)	(675)
Proceeds from employee stock plans	195	209
Payments for taxes related to net share settlement	(1,574)	(257)
Payments for stock repurchases	(2,597)	(6,374)
Net cash used in financing activities	(5,664)	(7,097)
Increase in cash and cash equivalents	41,941	30,342
Effect of exchange rate changes on cash	(2,367)	2,677
Cash and cash equivalents at beginning of period	125,776	133,992
Cash and cash equivalents at end of period	$ 165,350	$ 167,011

See accompanying notes to unaudited condensed consolidated financial statements.

TASKUS, INC.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business and Organization

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

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

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

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

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC"), includes a discussion of the significant accounting policies used in the preparation of our consolidated financial statements. There have been no changes to the Company’s significant accounting policies described in the Annual Report that have had a material impact on the Company’s condensed consolidated financial statements and related notes.

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

(b) Use of Estimates

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

(c) Principles of Consolidation

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

(d) Concentration Risk

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

For the three months ended March 31, 2024 and 2023, the following client represented greater than 10% of the Company’s service revenue:

	Service revenue percentage	
	Three months ended March 31,	
Client	**2024**	**2023**
A	19 %	20 %

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

	Accounts receivable percentage	
Client	**March 31, 2024**	**December 31, 2023**
A	15 %	16 %
B	11 %	12 %

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

(e) Recent Accounting Pronouncements

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

Recently issued accounting pronouncements

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

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

3. Business Combination

On April 15, 2022 (the "Closing Date"), the Company completed the acquisition of 100% of the equity interests of Parsec d.o.o. and Q Experience d.o.o. (collectively, "heloo") for $35.4 million. The former shareholders of heloo are also eligible to receive contingent earn-out payments not to exceed €20 million, based on performance compared to prescribed EBITDA targets outlined in the purchase agreement during each of the one year periods ending April 30, 2023 and 2024, respectively. The total fair value of remaining contingent earn-out payments was determined to be $0.0 million as of March 31, 2024 and December 31, 2023, respectively, based on probabilities of achieving the prescribed targets. Since these payments were contingent on future service conditions, they were recognized as compensation expense ratably over the required service period. Since the service conditions have been met, future changes will be based only on updates to the expected achievement. For the three months ended March 31, 2024 and 2023, the Company recognized $0.0 million and $6.6 million, respectively, in compensation expense related to the contingent earn-out payments included in selling, general, and administrative expenses.

4. Revenue from Contracts with Customers

Disaggregation of Revenue

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

	Three months ended March 31,	
(in thousands)	**2024**	**2023**
Digital Customer Experience	$ 143,491	$ 157,136
Trust and Safety	55,272	40,598
AI Services	28,707	37,572
Service revenue	$ 227,470	$ 235,306

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

	Three months ended March 31,	
(in thousands)	**2024**	**2023**
Philippines	$ 131,213	$ 126,859
United States	25,590	46,662
India	28,909	28,243
Rest of World	41,758	33,542
Service revenue	$ 227,470	$ 235,306

Contract Balances

Accounts receivable, net of allowance for credit losses includes $76.7 million and $77.2 million of unbilled revenue as of March 31, 2024 and December 31, 2023, respectively.

5. Forward Contracts

The Company transacts business in various foreign currencies and has international sales and expenses denominated in foreign currencies, subjecting the Company to foreign currency exchange rate risk. During 2024 and 2023, the Company entered into foreign currency exchange rate forward contracts, with three commercial banks as the counterparties, with maturities of generally 12 months or less, to reduce the volatility of cash flows primarily related to forecasted costs denominated in Philippine pesos and Indian rupees. In addition, the Company utilizes foreign currency exchange rate contracts to mitigate foreign currency exchange rate risk associated with foreign currency-denominated assets and liabilities, primarily intercompany balances. The Company does not use foreign currency exchange rate contracts for trading purposes. The exchange rate forward contracts entered into by the Company are not designated as hedging instruments. Any gains or losses resulting from changes in the fair value of these contracts are recognized in other income, net in the statements of income. The forward contract receivable (payable) resulting from changes in fair value was recorded under prepaid expenses and other current assets (accounts payable and accrued liabilities).

The following table presents the Company's settled forward contracts and realized and unrealized losses (gains) associated with derivative contracts:

	Three months ended March 31,	
(in thousands)	2024	2023
Notional amount of settled forward contracts in Philippine pesos	$ 45,964	$ 59,425
Notional amount of settled forward contracts in Indian rupees	12,405	—
Total notional amount of settled forward contracts	$ 58,369	$ 59,425
Realized losses from settlement of forward contracts	$ 693	$ 1,618
Unrealized losses (gains) on forward contracts	$ 1,497	$ (6,336)

The following table presents the Company's outstanding forward contracts:

(in thousands)	March 31, 2024	December 31, 2023
Notional amount of outstanding forward contracts in Philippine pesos	$ 123,065	$ 169,029
Notional amount of outstanding forward contracts in Indian rupees	32,788	45,193
Total notional amount of outstanding forward contracts	$ 155,853	$ 214,222

By entering into derivative contracts, the Company is exposed to counterparty credit risk, or the failure of the counterparty to perform under the terms of the derivative contract. For the periods presented, the non-performance risk of the Company and the counterparties did not have a material impact on the fair value of the derivative instruments.

The Company has implemented the fair value accounting standard for those assets and liabilities that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

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

	March 31, 2024							
	Fair value measurements using							
(in thousands)	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total Gross Fair Value	Effect of Counter-party Netting	Net Amounts on Balance Sheet	Effect of Master Netting Arrangements	Net Amounts
Assets								
Forward contracts receivable	$ —	$ 103	$ —	$ 103	$ —	$ 103	$ (31)	$ 72
Liabilities								
Forward contracts payable	$ —	$ 2,289	$ —	$ 2,289	$ —	$ 2,289	$ (31)	$ 2,258

	December 31, 2023							
	Fair value measurements using							
(in thousands)	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total Gross Fair Value	Effect of Counter-party Netting	Net Amounts on Balance Sheet	Effect of Master Netting Arrangements	Net Amounts
Assets								
Forward contracts receivable	$ —	$ 95	$ —	$ 95	$ —	$ 95	$ (95)	$ —
Liabilities								
Forward contracts payable	$ —	$ 784	$ —	$ 784	$ —	$ 784	$ (95)	$ 689

The Company’s derivatives are carried at fair value using various pricing models that incorporate observable market inputs, such as interest rate yield curves and currency rates, which are Level 2 inputs. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or by the Company.

6. Property and Equipment, net

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

(in thousands)	March 31, 2024	December 31, 2023
Leasehold improvements	$ 67,932	$ 67,552
Technology and computers	106,123	105,375
Furniture and fixtures	7,499	7,392
Construction in process	1,677	1,140
Other property and equipment	14,231	14,238
Property and equipment, gross	197,462	195,697
Accumulated depreciation	(135,685)	(126,804)
Property and equipment, net	$ 61,777	$ 68,893

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

(in thousands)	March 31, 2024	December 31, 2023
Philippines	$ 25,738	$ 29,765
United States	6,171	7,308
India	15,032	17,452
Rest of World	14,836	14,368
Property and equipment, net	$ 61,777	$ 68,893

7. Goodwill and Intangibles

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

(in thousands)		
Balance as of December 31, 2023	$	218,108
Foreign currency translation		(495)
Balance as of March 31, 2024	$	217,613

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

	March 31, 2024						December 31, 2023					
(in thousands)	Intangibles, Gross		Accumulated Amortization		Intangibles, Net		Intangibles, Gross		Accumulated Amortization		Intangibles, Net	
Customer relationships	$	251,653	$	(90,419)	$	161,234	$	251,899	$	(86,176)	$	165,723
Trade names		41,900		(15,363)		26,537		41,900		(14,665)		27,235
Other intangibles		206		(206)		—		236		(236)		—
Total	$	293,759	$	(105,988)	$	187,771	$	294,035	$	(101,077)	$	192,958

8. Long-Term Debt

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

	March 31, 2024						December 31, 2023					
(in thousands)	Current		Noncurrent		Total		Current		Noncurrent		Total	
Term Loan	$	10,125	$	253,800	$	263,925	$	8,438	$	257,175	$	265,613
Less: Debt financing fees		(378)		(915)		(1,293)		(379)		(1,009)		(1,388)
Total	$	9,747	$	252,885	$	262,632	$	8,059	$	256,166	$	264,225

2022 Credit Agreement

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

The 2022 Term Loan Facility matures on September 7, 2027. We have elected to pay interest on borrowings under the 2022 Term Loan Facility based on the SOFR rate. The interest rate in effect for the 2022 Term Loan Facility as of March 31, 2024 was 7.680% per annum. Due to its variable interest rates, the carrying amount of debt approximates fair value based on the present value of future cash flows using Level 2 inputs.

The 2022 Revolving Credit Facility terminates on September 7, 2027. As of March 31, 2024, the Company had no balance outstanding and $190.0 million of borrowing availability under the 2022 Revolving Credit Facility.

We were in compliance with all debt covenants as of March 31, 2024.

9. Leases

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

	Three months ended March 31,	
(in thousands)	2024	2023
Operating lease costs - Cost of services	$ 4,477	$ 4,397

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

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

	March 31, 2024	December 31, 2023
Weighted average remaining lease term	3.3 years	3.5 years
Weighted average discount rate	6.4 %	6.3 %

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

	Three months ended March 31,	
(in thousands)	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,831	$ 4,259
ROU assets obtained in exchange for operating lease liabilities	812	2,628

The future lease payments on the Company's operating lease liabilities as of March 31, 2024 were as follows:

(in thousands)	
2024-remainder of year	$ 13,205
2025	15,003
2026	9,681
2027	5,184
2028	1,705
Thereafter	1,657
Total lease payments	46,435
Less: imputed interest	(4,723)
Total lease liabilities	$ 41,712

10. Commitments and Contingencies

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

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

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

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

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

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

Indemnification

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

11. Stock-Based Compensation

The following table summarizes the stock option and restricted stock unit ("RSU") activity for the three months ended March 31, 2024:

	Options		RSUs	
	Number of options	Weighted - average exercise price	Number of RSUs	Weighted - average grant date fair value
Outstanding at January 1, 2024	7,523,971	$ 14.19	3,864,319	$ 23.60
Granted	—	$ —	2,125,048	$ 12.35
Exercised or released	(52,452)	$ 3.72	(568,383)	$ 20.42
Forfeited, cancelled or expired	(35,712)	$ 19.74	(87,232)	$ 26.08
Outstanding at March 31, 2024	7,435,807	$ 14.23	5,333,752	$ 19.42

In addition to the Options and RSUs presented in the table above, there were 3,373,417 performance stock units ("PSUs") outstanding at January 1, 2024 and March 31, 2024.

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

	Three months ended March 31,	
(in thousands)	2024	2023
Cost of services	$ 680	$ 877
Selling, general, and administrative expense	9,555	12,587
Total	$ 10,235	$ 13,464

As of March 31, 2024, there was $5.7 million, $49.9 million and $1.9 million of unrecognized compensation expense related to the Company's unvested stock options, RSUs and PSUs, respectively, that is expected to be recognized over a weighted-average period of 1.1 years, 1.4 years and 0.9 years, respectively.

12. Income Taxes

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

The Company recorded provision for income taxes of $6.5 million and $6.0 million in the three months ended March 31, 2024 and 2023, respectively. The effective tax rate was 35.7% and 38.6% for the three months ended March 31, 2024 and 2023, respectively. The difference between the effective tax rate and the 21% federal statutory rate in the three months ended March 31, 2024 was primarily due to nondeductible compensation of officers and Global Intangible Low-Taxed Income ("GILTI") inclusion. The difference between the effective tax rate and the 21% federal statutory rate in the three months ended March 31, 2023 was primarily due to nondeductible earn-out consideration, as well as GILTI inclusion, Base Erosion Anti-avoidance Tax ("BEAT") and nondeductible compensation of officers.

13. Earnings Per Share

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

The following table summarizes the computation of basic and diluted earnings per share for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
(in thousands, except share and per share data)	**2024**	**2023**
Numerator:		
Net income	$ 11,714	$ 9,509
Denominator:		
Weighted-average common shares outstanding – basic	88,795,211	97,561,650
Effect of dilutive securities	3,054,675	3,390,923
Weighted-average common shares outstanding – diluted	91,849,886	100,952,573
Net income per common share:		
Basic	$ 0.13	$ 0.10
Diluted	$ 0.13	$ 0.09

The Company excluded 3,414,870 and 3,778,307 potential common stock equivalents from the computation of diluted EPS for the three months ended March 31, 2024 and 2023, respectively, because the effect would have been anti-dilutive. There were 4,672,564 and 4,819,894 potential common stock equivalents outstanding as of March 31, 2024 and 2023, respectively, with market conditions which were not met at the relevant date, that were excluded from the calculation of diluted EPS.

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

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

This Quarterly Report includes certain historical consolidated financial and other data for TaskUs, Inc. ("we," "us," "our" or the "Company"). The following discussion provides a narrative of our results of operations and financial condition for the three months ended March 31, 2024 and 2023.

Overview

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

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

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

Recent Financial Highlights

For the three months ended March 31, 2024, we recorded service revenue of $227.5 million, a 3.3% decrease from $235.3 million for the three months ended March 31, 2023.

Net income for the three months ended March 31, 2024 increased to $11.7 million from $9.5 million for the three months ended March 31, 2023. This increase is due primarily to lower earn-out consideration and stock-based compensation expense, partially offset by lower revenue and the impact of foreign currency exchange rate changes and forward contracts. Adjusted Net Income for the three months ended March 31, 2024 decreased 16.1% to $27.3 million from $32.5 million for the three months ended March 31, 2023. Adjusted EBITDA for the three months ended March 31, 2024 decreased 8.0% to $50.6 million from $55.0 million for the three months ended March 31, 2023. Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures. For definitions and reconciliations to net income, the most directly comparable measure in accordance with GAAP, see "Non-GAAP Financial Measures."

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

Results of Operations

Comparison of the Three Months Ended March 31, 2024 and 2023

The following tables set forth certain historical consolidated financial information for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,		Period over Period Change	
(in thousands, except %)	2024	2023	($)	(%)
Service revenue	$ 227,470	$ 235,306	$ (7,836)	(3.3)%
Operating expenses:				
Cost of services	135,411	137,762	(2,351)	(1.7)%
Selling, general, and administrative expense	52,904	64,294	(11,390)	(17.7)%
Depreciation	10,789	9,661	1,128	11.7 %
Amortization of intangible assets	4,985	5,124	(139)	(2.7)%
Loss (gain) on disposal of assets	(177)	65	(242)	NM
Total operating expenses	203,912	216,906	(12,994)	(6.0)%
Operating income	23,558	18,400	5,158	28.0 %
Other income, net	(202)	(2,177)	1,975	(90.7)%
Financing expenses	5,538	5,099	439	8.6 %
Income before income taxes	18,222	15,478	2,744	17.7 %
Provision for income taxes	6,508	5,969	539	9.0 %
Net income	$ 11,714	$ 9,509	$ 2,205	23.2 %

NM = not meaningful

Service revenue

Service revenue by service offering

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

	Three months ended March 31,		Period over Period Change	
(in thousands, except %)	2024	2023	($)	(%)
Digital Customer Experience	$ 143,491	$ 157,136	$ (13,645)	(8.7)%
Trust and Safety	55,272	40,598	14,674	36.1 %
AI Services	28,707	37,572	(8,865)	(23.6)%
Service revenue	$ 227,470	$ 235,306	$ (7,836)	(3.3)%

Digital Customer Experience was primarily driven by a decrease from existing clients in On Demand Travel + Transportation, Entertainment + Gaming, Social Media and HealthTech. These decreases were partially offset by an increase from existing clients in Technology and new clients in Retail + E-Commerce, HealthTech, FinTech and On Demand Travel + Transportation.

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

AI Services was primarily driven by a decrease from existing clients in Social Media and On Demand Travel + Transportation.

Service revenue by delivery geography

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

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

	Three months ended March 31,		Period over Period Change	
(in thousands, except %)	2024	2023	($)	(%)
Philippines	$ 131,213	$ 126,859	$ 4,354	3.4 %
United States	25,590	46,662	(21,072)	(45.2)%
India	28,909	28,243	666	2.4 %
Rest of World	41,758	33,542	8,216	24.5 %
Service revenue	$ 227,470	$ 235,306	$ (7,836)	(3.3)%

Philippines: Trust and Safety contributed 6.4% of the total increase primarily driven by clients in Social Media and FinTech. The increase was partially offset by a 2.9% decrease contributed by AI Services, primarily driven by clients in Social Media, and a 0.1% decrease contributed by Digital Customer Experience.

United States: Digital Customer Experience contributed 34.1% of the total decrease primarily driven by clients in On Demand Travel + Transportation, Social Media, Entertainment + Gaming and FinTech. AI Services contributed 10.0% of the total decrease primarily driven by clients in On Demand Travel + Transportation and Social Media. Trust and Safety contributed 1.1% of the total decrease.

India: Trust and Safety contributed 19.3% of the total increase primarily driven by clients in On Demand Travel + Transportation and Social Media. The increase was partially offset by a 14.9% decrease contributed by Digital Customer Experience, primarily driven by clients in On Demand Travel + Transportation, partially offset by clients in Technology and Retail + E Commerce, and a 2.0% decrease contributed by AI Services primarily driven by clients in Social Media, partially offset by clients in On Demand Travel + Transportation.

Rest of World: Digital Customer Experience contributed 19.5% of the total increase primarily driven by clients in FinTech, Retail + E-Commerce and On Demand Travel + Transportation. Trust and Safety contributed 4.7% of the total increase, primarily driven by clients in FinTech, and AI Services contributed 0.3% of the total increase. Growth in the Rest of World was led by Latin America.

Operating expenses

Cost of services

The decrease was primarily driven by lower personnel costs of $2.7 million, due primarily to lower salaries and wages which were partially offset by the impact of higher employee welfare costs.

Selling, general, and administrative expense

The decrease was primarily driven by lower personnel costs of $10.0 million, due primarily to a reduction in earn-out compensation and stock-based compensation expense. The remaining decrease included lower insurance expense based on renegotiated rates. These decreases may be at least partially offset by certain litigation costs which we expect to accelerate in future periods.

Depreciation

The increase in depreciation is a result of capital expenditures for leasehold improvements associated with site expansions.

Other income, net

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

Financing expenses

Changes in financing expense are primarily driven by the rate of SOFR used to calculate the interest rate of our debt.

Provision for income taxes

The effective tax rate for the three months ended March 31, 2024 and 2023 was 35.7% and 38.6%, respectively. Costs related to the issuance of stock-based compensation, the acquisition of heloo, severance and litigation costs within the provision for income taxes calculation are adjusted for Non-GAAP purposes. If those costs are removed, the provision for income taxes would have been $8.1 million and $8.0 million and the effective tax rate would have been 27.5% and 21.6% for the three months ended March 31, 2024 and 2023, respectively.

Revenue by Top Clients

The table below sets forth the percentage of our total service revenue derived from our largest clients for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Top ten clients	56 %	58 %
Top twenty clients	67 %	71 %

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

For the three months ended March 31, 2024 and 2023, we generated 19% and 20%, respectively, of our service revenue from our largest client.

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

Foreign Currency

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

Non-GAAP Financial Measures

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

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

Adjusted Net Income

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

The following table reconciles net income, the most directly comparable GAAP measure, to Adjusted Net Income for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,		Period over Period Change	
(in thousands, except %)	2024	2023	($)	(%)
Net income	$ 11,714	$ 9,509	$ 2,205	23.2 %
Amortization of intangible assets	4,985	5,124	(139)	(2.7)%
Transaction costs[1]	—	245	(245)	(100.0)%
Earn-out consideration[2]	—	6,648	(6,648)	(100.0)%
Foreign currency losses (gains)[3]	1,014	(1,982)	2,996	NM
Loss (gain) on disposal of assets	(177)	65	(242)	NM
Severance costs[4]	487	1,218	(731)	(60.0)%
Litigation costs[5]	300	—	300	100.0 %
Stock-based compensation expense[6]	10,564	13,672	(3,108)	(22.7)%
Tax impacts of adjustments[7]	(1,615)	(1,988)	373	(18.8)%
Adjusted Net Income	$ 27,272	$ 32,511	$ (5,239)	(16.1)%
Net Income Margin[8]	5.1 %	4.0 %		
Adjusted Net Income Margin[8]	12.0 %	13.8 %		

NM = not meaningful

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

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

(3) Realized and unrealized foreign currency losses (gains) include the effect of fair market value changes of forward contracts 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 and earn-out consideration.

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

Adjusted EPS

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

The following table reconciles GAAP diluted EPS, the most directly comparable GAAP measure, to Adjusted EPS for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
GAAP diluted EPS	$ 0.13	$ 0.09
Per share adjustments to net income(1)	0.17	0.23
Adjusted EPS	$ 0.30	$ 0.32
Weighted-average common shares outstanding – diluted	91,849,886	100,952,573

(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.

EBITDA and Adjusted EBITDA

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

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

The following table reconciles net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,		Period over Period Change	
(in thousands, except %)	2024	2023	($)	(%)
Net income	$ 11,714	$ 9,509	$ 2,205	23.2 %
Provision for income taxes	6,508	5,969	539	9.0 %
Financing expenses	5,538	5,099	439	8.6 %
Depreciation	10,789	9,661	1,128	11.7 %
Amortization of intangible assets	4,985	5,124	(139)	(2.7)%
EBITDA	$ 39,534	$ 35,362	$ 4,172	11.8 %
Transaction costs[1]	—	245	(245)	(100.0)%
Earn-out consideration[2]	—	6,648	(6,648)	(100.0)%
Foreign currency losses (gains)[3]	1,014	(1,982)	2,996	NM
Loss (gain) on disposal of assets	(177)	65	(242)	NM
Severance costs[4]	487	1,218	(731)	(60.0)%
Litigation costs[5]	300	—	300	100.0 %
Stock-based compensation expense[6]	10,564	13,672	(3,108)	(22.7)%
Interest income[7]	(1,117)	(195)	(922)	472.8 %
Adjusted EBITDA	$ 50,605	$ 55,033	$ (4,428)	(8.0)%
Net Income Margin[8]	5.1 %	4.0 %		
Adjusted EBITDA Margin[8]	22.2 %	23.4 %		

NM = not meaningful

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

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

(3) Realized and unrealized foreign currency losses (gains) include the effect of fair market value changes of forward contracts and remeasurement of U.S. dollar-denominated accounts to foreign currency.

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

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

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

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

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

Free Cash Flow

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

The following table reconciles net cash provided by operating activities, the most directly comparable GAAP measure, to Free Cash Flow for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Net cash provided by operating activities	$ 51,177	$ 43,683
Purchase of property and equipment	(3,572)	(5,244)
Free Cash Flow	$ 47,605	$ 38,439
Conversion of Adjusted EBITDA[1]	94.1 %	69.8 %

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

Liquidity and Capital Resources

As of March 31, 2024, our principal sources of liquidity were cash and cash equivalents totaling $165.4 million, which were held for working capital purposes, as well as the borrowing availability under the 2022 Revolving Credit Facility of $190.0 million.

As of March 31, 2024, our total indebtedness, net of debt financing fees was $262.6 million. The interest rate in effect for the 2022 Term Loan Facility as of March 31, 2024 was 7.680% per annum. We were in compliance with all debt covenants as of March 31, 2024. See Note 8, "Long-Term Debt" in the Notes to Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report for additional information regarding our debt.

During the three months ended March 31, 2024, we repurchased 285,611 shares of our Class A common stock under the share repurchase program for $3.4 million, which we funded principally with available cash. As of March 31, 2024, $53.9 million remained available for share repurchases under our share repurchase program.

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

Cash Flows

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

	Three months ended March 31,	
(in thousands)	**2024**	**2023**
Net cash provided by operating activities	$ 51,177	$ 43,683
Net cash used in investing activities	(3,572)	(6,244)
Net cash used in financing activities	(5,664)	(7,097)

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2024 was $51.2 million compared to net cash provided by operating activities of $43.7 million for the three months ended March 31, 2023. Net cash provided by operating activities for the three months ended March 31, 2024 reflects net income of $11.7 million, the add back for non-cash charges totaling $26.1 million, as well as changes in operating assets and liabilities of $13.3 million. Non-cash charges primarily consisted of $10.8 million of depreciation, $10.2 million in stock-based compensation expense and $5.0 million of amortization related to intangibles. Net cash provided by operating activities for the three months ended March 31, 2023 reflects net income of $9.5 million, as well as the add back for non-cash charges totaling $22.0 million and changes in operating assets and liabilities of $12.1 million. Non-cash charges primarily consisted of $13.5 million in stock-based compensation expense, $9.7 million of depreciation and $5.1 million of amortization related to intangibles, partially offset by $6.3 million of unrealized foreign exchange gains on forward contracts.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 was $3.6 million compared to net cash used in investing activities of $6.2 million for the three months ended March 31, 2023. Purchase of property and equipment decreased primarily due to the timing of site build-out costs. Net cash used in investing activities for the three months ended March 31, 2023 included investment in loan receivable.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2024 was $5.7 million compared to net cash used by financing activities of $7.1 million for the three months ended March 31, 2023. The decrease was due primarily to lower payments to acquire shares under our share repurchase program, partially offset by higher payments for taxes related to net share settlement of equity awards and payments on long-term debt.

Critical Accounting Estimates

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

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Currency Risk

Our exposure to market risk arises principally from exchange rate risk. Although substantially all of our revenues are denominated in U.S. dollars, a substantial portion of our expenses were incurred and paid in the Philippine peso and Indian rupee in the three months ended March 31, 2024 and 2023. We also incur expenses in U.S. dollars, and currencies of the other countries in which we have operations. The exchange rates among the Philippine peso, Indian rupee and the U.S. dollar have changed substantially in recent years and may fluctuate substantially in the future.

The average exchange rate of the Philippine peso against the U.S. dollar increased from 54.83 pesos during the three months ended March 31, 2023 to 55.97 pesos during the three months ended March 31, 2024, representing a depreciation of the Philippine peso of 2.1%. Based upon our level of operations during the three months ended March 31, 2024, and excluding any forward contract arrangements that we had in place during that period, a 10% appreciation/depreciation in the Philippine peso against the U.S. dollar would have increased or decreased our expenses incurred and paid in the Philippine peso by approximately $9.3 million or $7.6 million, respectively, in the three months ended March 31, 2024.

The average exchange rate of the Indian rupee against the U.S. dollar increased from 82.22 rupees during the three months ended March 31, 2023 to 83.04 rupees during the three months ended March 31, 2024, representing a depreciation of the Indian rupee of 1.0%. Based upon our level of operations during the three months ended March 31, 2024, a 10% appreciation/depreciation in the Indian rupee against the U.S. dollar would have increased or decreased our expenses incurred and paid in the Indian rupee by approximately $2.5 million or $2.0 million, respectively, in the three months ended March 31, 2024.

In order to mitigate our exposure to foreign currency fluctuation risks and minimize the earnings and cash flow volatility associated with forecasted transactions denominated in certain foreign currencies, and economically hedge our intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies, we enter into foreign currency forward contracts. These derivatives have not been designated as hedges under ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). Changes in the fair value of these derivatives are recognized in the consolidated statements of income and are included in other income, net.

For the three months ended March 31, 2024 and 2023, the realized losses of $0.7 million and $1.6 million, respectively, resulting from the settlement of forward contracts were included within other income, net.

For the three months ended March 31, 2024 and 2023, we had outstanding forward contracts. The forward contract receivable (payable) resulting from changes in fair value was recorded under prepaid expenses and other current assets (accounts payable and accrued liabilities). For the three months ended March 31, 2024 and 2023, the unrealized losses (gains) on the forward contracts of $1.5 million and $(6.3) million, respectively, were included within other income, net.

These contracts must be settled on the day of maturity or may be canceled subject to the receipts or payments of any gains or losses, respectively, equal to the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We do not enter into foreign currency forward contracts for speculative or trading purposes. These derivative instruments do not subject us to material balance sheet risk due to exchange rate movements because gains and losses on the settlement of these derivatives are intended to offset revaluation losses and gains on the assets and liabilities being hedged.

Interest Rate Risk

Our exposure to market risk is influenced by the changes in interest rates paid on any outstanding balance on our borrowings, mainly under our 2022 Credit Facilities. All of our borrowings outstanding under the 2022 Credit Facilities as of March 31, 2024 accrue interest at SOFR plus 2.25%. Our total principal balance outstanding as of March 31, 2024 was $263.9 million. Based on the outstanding balances and interest rates under the 2022 Credit Facilities as of March 31, 2024, a hypothetical 10% increase or decrease in SOFR would cause an increase or decrease in interest expense of approximately $1.4 million over the next 12 months.

Credit Risk

As of March 31, 2024, we had accounts receivable, net of allowance for credit losses, of $165.5 million, of which $43.5 million was owed by two of our clients. Collectively, these clients represented approximately 26% of our gross accounts receivable as of March 31, 2024.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, the design and operation of the our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

Issuer Purchases of Equity Securities

During the three months ended March 31, 2024, our purchases of Class A common stock were as follows:

Period	Total Number of Shares Purchased[(1)]	Average Price Paid per Share[(2)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands)
January 1, 2024 through January 31, 2024	49,531	$ 11.99	49,531	$ 56,666
February 1, 2024 through February 29, 2024	68,414	11.99	68,414	55,846
March 1, 2024 through March 31, 2024	167,666	11.86	167,666	53,856
Total	285,611	$ 11.91	285,611	

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

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

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Section 13(r) Disclosure

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

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Item 6. Exhibits

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

* Filed herewith.
** Furnished herewith.

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

SIGNATURES

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

TASKUS, INC.
(Registrant)

Date:	May 10, 2024	By:	/s/ Balaji Sekar
			Balaji Sekar Chief Financial Officer (Principal Financial Officer) (Authorized Signatory)
Date:	May 10, 2024	By:	/s/ Steven Amaya
			Steven Amaya Senior Vice President—Finance (Principal Accounting Officer)

Exhibit 31.1

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

I, Bryce Maddock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of TaskUs, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

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

Exhibit 31.2

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

I, Balaji Sekar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of TaskUs, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2024

/s/ Balaji Sekar
Balaji Sekar
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of TaskUs, Inc. (the "Company") for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryce Maddock, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 10, 2024

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of TaskUs, Inc. (the "Company") for the quarter ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Balaji Sekar, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Balaji Sekar
Balaji Sekar
Chief Financial Officer
(Principal Financial Officer)

May 10, 2024

Exhibit 99.1

Section 13(r) Disclosure

The disclosure reproduced below was initially included in the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission by Blackstone Inc. ("Blackstone") with respect to its fiscal quarter ended March 31, 2024, in accordance with Section 13(r) of the Securities Exchange Act of 1934, as amended, in regard to Mundys S.p.A. (formerly, Atlantia S.PA.). Mundys S.p.A. may be, or may have been at the time considered to be, an affiliate of Blackstone, and therefore an affiliate of TaskUs, Inc. ("TaskUs"). TaskUs did not independently verify or participate in the preparation of the disclosure reproduced below.

Blackstone included the following disclosure in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2024:

Mundys S.p.A. (formerly "Atlantia S.p.A.") provided the disclosure reproduced below in connection with activities during the quarter ended March 31, 2024. We have not independently verified or participated in the preparation of this disclosure.

> "Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934. Funds affiliated with Blackstone first invested in Mundys S.p.A. on November 18, 2022 in connection with the voluntary public tender offer by Schema Alfa S.p.A. for all of the shares of Mundys S.p.A., pursuant to which such funds obtained a minority non-controlling interest in Mundys S.p.A. Mundys S.p.A. owns and controls Aeroporti di Roma S.p.A. ("ADR"), an operator of airports in Italy including Leonardo da Vinci-Fiumicino Airport. Iran Air has historically operated periodic flights to and from Leonardo da Vinci-Fiumicino Airport as authorized, from time to time, by an aviation-related bilateral agreement between Italy and Iran, scheduled in compliance with European Regulation 95/93, and approved by the Italian Civil Aviation Authority. ADR, as airport operator, is under a mandatory obligation to provide airport services to all air carriers (including Iran Air) authorized by the applicable Italian authority. The relevant turnover attributable to these activities (whose consideration is calculated on the basis of general tariffs determined by such independent Italian authority) in the quarter ended March 31, 2024 was less than €70,000. Mundys S.p.A. does not track profits specifically attributable to these activities."