Risk Factors Comparison 2024-03-08 to 2023-03-06 Form: 10-K

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Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the following risks, together with all of the other information contained in this Annual Report, including the sections titled " Cautionary Note Regarding Forward- Looking Statements " and " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our financial statements and the related notes included elsewhere in this Annual Report. Any of the following risks could have an adverse effect on our business, financial condition, results or operations or prospects and could cause the trading price of our Class A common stock to decline, which would cause you to lose all or part of your investment. Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. Risks Related to Our Business and Industry 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. We derive a substantial portion of our revenue from a few key clients who generally retain us across multiple service offerings. Our top five clients accounted for ~~44~~ **41** % of our revenue for the fiscal year ended December 31, ~~2022~~ **2023** . Our top client accounted for an aggregate of ~~22~~ **19** % of our revenue for the fiscal year ended December 31, ~~2022~~ **2023** , across multiple service offerings. The reduction in revenue or loss of all or a portion of our business with, or the failure to retain a significant amount of business with, any of our key clients could have a material adverse effect on our business, financial condition 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. Our ability to maintain continuing relationships with our clients is essential to the growth and profitability of our business. However, the volume of work performed for any specific client is likely to vary from year to year, especially since we generally are not our clients' exclusive outsourcing provider and we generally do not have long- term commitments from clients to purchase our services and solutions. Our contracts are typically one to three years in length with automatic renewal provisions, but certain contracts may provide for termination at the client' s convenience with advance notice and may or may not include penalties or required payments in the event the termination right is exercised. Our clients' ability to terminate engagements with or without cause, including for convenience, or opt for month to month contracts makes our future revenues and profitability uncertain. In addition, the services and solutions we provide to our clients, and the revenue and income from those services and solutions, may decline or vary as the type and quantity of services and solutions we provide changes over time. Our ability to establish and maintain multi- year close relationships with our clients is essential to the growth and profitability of our business. If we fail to maintain these relationships and successfully obtain new engagements from our existing clients, we may not achieve our revenue growth and other financial goals. There are a number of factors relating to our clients that are outside of our control, which have in some cases led them to terminate or not renew a contract or project with us, be unable to pay us, or restrict our agreements with other clients, including: • financial difficulties; • a demand for price reductions by that client; • corporate restructuring, or mergers and acquisitions activity; • change in our client' s outsourcing strategy to retain the same type and volume of work with TaskUs but to enter into lower cost contracts and move work to another lower- cost TaskUs support location; • change in strategic priorities or economic conditions, resulting in elimination of the impetus for the project or a reduced level of technology related spending; • change in outsourcing strategy resulting in moving more work to the client' s in-house ~~technology~~ departments or to our competitors or transfer to a lower cost TaskUs support location **; • increasing reliance on technology and AI to improve customer experience and automate tasks** ; • government regulation that affects our clients' business; • restrictions on serving certain potential clients that may be viewed as competing with certain existing clients; • replacement of existing software with packaged software supported by licensors; and • uncertainty and disruption to the global markets. Termination or non- renewal of a client contract could cause us to experience a higher than expected number of unassigned employees and thus compress our margins until we are able to reallocate our headcount. The loss of any of our major clients or a significant decrease in the volume of work they outsource to us or the price they are willing or able to pay us, if not replaced by new service engagements and revenue, could cause us to incur expenses, including related to severance payments, and materially adversely affect our revenues and 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. Our continued growth depends on our ability to cost- effectively acquire new clients ~~, particularly high- growth companies~~ where there is a significant opportunity to expand our relationship in subsequent periods **, including both high- growth, brand- defining consumer technology companies and companies in more traditional or regulated industries** . Our ability to acquire new clients, in turn, depends on our ability to attract, train, retain and motivate sales and marketing personnel; remain competitive in our industry; anticipate and address the technological and geographic needs of our clients; and foster awareness of our services and our brand, among other factors. In addition, our ability to attract new clients in new industry verticals, new geographies and with respect to new services or solutions will depend on our ability to effectively train our sales and marketing personnel and develop effective strategies to communicate the value of our services to prospective clients in those industries and geographies. Our clients operate in highly competitive industries that are subject to constant change and disruption. To the extent that our clients do not succeed, we will need to identify and attract new clients that we believe present opportunities for growth and expansions with TaskUs. We cannot guarantee that we will continue to identify or attract new clients, including high- growth, brand defining consumer technology companies **or those in more traditional or regulated industries** . Even when we do attract new clients, such new client wins may not result in significant revenue, and there can be no assurance that we will be able to expand the relationship or that the client will not terminate. Accordingly, net revenue retention, win rate and new client wins should not be viewed as leading indicators of our revenue. In addition, a significant portion of the revenue we recognize in each period is derived from agreements entered into in prior periods. Consequently, a decline in sales to new clients or a decline in renewals or upsells with existing clients in any one period may not be immediately reflected in our results of operations for such period, but could be reflected in future periods. 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. Any defects or errors or failure to meet clients' expectations in the performance of our contracts could result in claims for substantial damages against us **, particularly as we seek to deliver more complex services and support new clients in industries where we have less experience** . Our contracts generally limit our liability for damages that arise from negligent acts, errors, mistakes or omissions in rendering services to our clients. However, we cannot be sure that these contractual provisions will protect us from liability for damages in the event we are sued. In certain circumstances, we have agreed to high liability limitations or unlimited liability for some claims, such as claims related to intellectual property infringement or data security breaches. Such claims for which we may be required to indemnify our clients, could be substantial. The successful assertion of one or more large claims against us in amounts greater than those covered by our current insurance policies could materially adversely affect our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, we may incur reputational harm and substantial legal fees. In addition, a failure or inability to meet a contractual requirement could seriously damage our reputation and limit our ability to attract new business. Also, many of our client contracts contain timing commitments, service level and performance requirements, including requirements relating to the quality of our solutions. Failure to complete projects by scheduled dates may cause reputational harm and the loss of future business. Failure to meet service requirements or real or perceived errors made by our employees in the course of delivering our solutions could result in a reduction of revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects. ~~technologies that are similar or superior to our technologies or are more cost- effective to develop and deploy.~~ 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.The use of technology in our industry has ~~expanded and changed rapidly~~ and is expected to continue to ~~do so~~ **expand and change rapidly** .Our business depends,in part,upon our ability to develop and implement solutions that anticipate and keep pace with continuing changes in technology,industry standards and client preferences.We may incur significant expenses in an effort to keep pace with client preferences for technology or to gain a competitive advantage through technological expertise or new technologies.If we do not recognize the importance of a particular new technology to our business in a timely manner,are not committed to investing in and developing or adopting such new technology and applying these technologies to our business,or are unable to attract and retain the technologists necessary to develop and implement such technologies,our current solutions may be less attractive to existing and new clients,and we may lose market share to competitors who have recognized these trends and invested in such technology.There can be no assurance that we will have sufficient capacity or capital to meet these challenges.Any such failure to recognize the importance of such technology,a decision not to invest in and develop or adopt such technology that keeps pace with evolving industry standards and changing client demands,or an inability to attract and retain the technologists necessary to develop and implement such technology could have a material adverse effect on our business,financial condition,results of operations and prospects.Our growth and profitability will depend on our ability to develop and adopt new services and solutions that expand our existing offerings by leveraging new technological trends and cost efficiencies in our operations,while meeting rapidly evolving client expectations.As technology evolves,more tasks currently performed by our team members may be replaced by automation,robotics, ~~AI~~ **artificial intelligence** ,chatbots and other technological advances,which puts our lower-skill tier one customer care offerings at risk.These technology innovations could potentially reduce our business volumes and related revenues,unless we are successful in adapting and deploying them profitably.We may not be successful in anticipating or responding to our client expectations and interests in adopting evolving technology solutions,and their integration in our offerings may not achieve the intended enhancements or cost reductions.Services and solutions offered by our competitors may make our services and solutions not competitive or even obsolete and may negatively impact our clients' interest in our solutions.Our failure to innovate,maintain technological advantages,or respond effectively and timely to transformational **changes in technology could have a material adverse effect on our business,financial condition,and results of operations.** 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. Our business depends significantly upon our technology infrastructure, data, equipment, and systems. Our clients also typically provide data and systems that our employees use to provide services to those clients. Internal or external attacks on our, our third party service providers' or our clients' technology infrastructure, data, equipment, or systems could disrupt the normal operations of our and our clients' businesses, including by impeding our ability to provide critical solutions to our clients. In addition, in the ordinary course of our business we collect, use, store, process, and transmit information about our employees, our clients and customers of our clients, including personal information and protected health information. While we believe we take reasonable measures to protect the security of, and against unauthorized or other improper access to, our technology infrastructure, data, equipment, and systems, including with respect to personal, protected health, and proprietary information, it is possible that our security controls and practices may not prevent unauthorized or other improper access to our technology infrastructure, data, equipment, or systems, or the disclosure or misuse of personal, protected health or proprietary information. Such unauthorized or other improper access, disclosures, security breaches or incidents may be inadvertent, or may be caused by intentional misconduct or other malfeasance or by human error or technical malfunctions, including those caused by hackers, employees, contractors, or vendors. In the past, we have experienced, and in the future, we may again experience, data security incidents resulting from unauthorized access to our and our service providers' systems and unauthorized acquisition of our data and our clients' data including: inadvertent disclosure, misconfiguration of systems, phishing or malware attacks. Cybersecurity threats and attacks may take on a variety of forms, ranging from inadvertent disclosures or acts by employees to purposeful attacks by individuals and groups of hackers and even sophisticated organizations, including state- sponsored actors. Cybersecurity risks may result from viruses, worms, and other malicious software programs, to hacking or other significant security incidents (e. g., phishing and ransomware attacks) targeted against information technology infrastructure and systems, any of which could result in (i) disclosure, unauthorized access to, or corruption of data, including personal information, confidential information and proprietary information, (ii) defective products, including as a result of system and production downtimes, and (iii) interruptions in the ability to operate our business. Any of the foregoing could subject us to liability or damage our reputation. In addition, as the techniques used to obtain unauthorized access or sabotage systems change frequently and may not be identified when they are first launched against a target, despite our efforts to secure our technology infrastructure, data, equipment, and systems, we may be unable to anticipate or promptly detect all attacks or to implement adequate preventative or mitigation measures against them. Any unauthorized access, acquisition, use, or destruction of data we collect, use, store, process or transmit, the unavailability of such data, or other disruptions of our ability to provide services and solutions to our clients, regardless of whether it originates or occurs on our systems or those of third party service providers or our clients, could expose us to significant liability under our contracts, as well as to regulatory actions, litigation, investigations, remediation obligations, damage to our reputation and brand, supplemental disclosure obligations, loss of client, customer, consumer, and partner confidence in the security of our applications, impairment to our business, and corresponding fees, fines, costs, expenses, loss of revenues, and other potential liabilities as well as increased costs or loss of revenue or other harm to our business. In addition, if a high profile security breach occurs within our industry, our clients and potential clients may lose trust in the security of our systems and information even if we are not directly affected. Further, as we continue to evaluate new solutions and services for our clients, **including AI initiatives,** these new solutions or services, or the third- party components we use to provide such solutions, may contain or introduce cybersecurity threats or vulnerabilities to our clients' information technology networks. Our clients may maintain their own proprietary, sensitive, regulated or confidential information that could be compromised in a cybersecurity attack or incident, or their systems may be disabled or disrupted as a result of such an attack or incident. Our clients, regulators, or other third parties may attempt to hold us liable, through contractual indemnification clauses or directly, for any such losses or damages resulting from such an attack. Trust and Safety ~~(formerly known as Content Security)~~ , 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. Some of our clients maintain platforms and websites that permit users to post content that is made generally available on these platforms and websites. These posts sometimes contain content that is defamatory, pornographic, hateful, violent, racist, scandalous, obscene, offensive, objectionable, or illegal, or that otherwise violates the policies of our clients (" Prohibited Content "). In addition to Prohibited Content, employees review posts that are political in nature, which may constitute objectionable content to them. Some of our employees work as content moderators on behalf of our clients, screening posts for Prohibited Content. While we believe that content moderation is a vital part of maintaining an open and safe internet for everyone, employees exposed to Prohibited Content on a regular basis are more likely to develop mental health issues, such as stress disorders, or experience other negative health impacts, and are more likely to resign from their employment. In addition, employers of content moderators, including our company, have been subject to significant negative media coverage and other public relations challenges, as well as legal actions by or on behalf of content moderators claiming significant damages for mental health issues allegedly developed while on the job. Additionally, content moderation is subject to regulation in certain jurisdictions and we may receive inquiries from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation. We are dedicated to improving the efficiency and accuracy of content moderation while also mitigating its impact on the health and well- being of our content moderator employees. Despite these efforts, we could be subject to claims made by such employees. These claims could lead to liability and negative publicity, harm our reputation, and impact our ability to retain or recruit employees to work as content moderators. For example, we may be required under applicable law to provide accommodations for employees who experience or assert they are experiencing such mental health consequences. These accommodations could result in increased costs and reductions in the availability of employees who can perform content moderation work for our clients. Our content moderation employees may also make claims under workers' compensation programs or other public or private insurance programs in connection with their employment or applicable labor or other laws. Any such employee claims or demands could result in increased costs, and could lead us to limit our content moderation business entirely, any of which would adversely impact our business, financial condition and results of operations. In addition to employee- related controversies surrounding content moderation, companies that are engaged in content moderation, including certain of our clients, are under increasing scrutiny by both the public and lawmakers to be more transparent about how content moderation decisions are made and about the guidelines they create. We also face scrutiny for our application of our client guidelines. Our content moderation employees may erroneously or deliberately make content moderation decisions, many of which may be subjective in nature, that are inconsistent with client guidelines, which could result in a failure to meet our clients' expectations or adverse publicity, either of which could impair our reputation and our ability to retain existing clients or attract new clients or expose us to liability to users of client platforms. In addition, the content that our content moderation employees analyze is selected for review by our clients' systems and moderated by our employees based on our clients' policies and rules, and the tools used by our clients to identify content may fail to identify content that violates relevant content policy or community guidelines or, in certain jurisdictions, legal requirements. Although the methods employed to select content for review are not within the scope of the services we provide, the failure of objectionable content to be appropriately moderated on our clients' platforms, for whatever reason, could adversely impact our reputation for content moderation service delivery and our ability to attract and retain clients. Our business, and those of our clients, are subject to laws related to content moderation in some jurisdictions. In the United States, the Communications Decency Act (" CDA ") Section 230 provides protection to those who provide " interactive computer services " (e. g., websites ~~,~~ **and** social media platforms) from being liable for the speech of their users (with certain exceptions). The law also shields interactive computer services from civil liability for a good faith action voluntarily taken to restrict access to or availability of content that the provider or user considers to be obscene, lewd, lascivious, filthy, excessively violent, harassing, or otherwise objectionable, whether or not such material is constitutionally protected. The content moderation that is both required and permitted by CDA Section 230 is currently a topic of significant debate in the United States, with some taking the position that interactive computer services are using CDA Section 230 to censor speech, and others taking the position that not enough action is being taken to remove Prohibited Content. As a result of our content moderation business, we risk being part of this ongoing controversy, which could result in negative publicity and harm our ability to retain and attract clients, and negatively impact our business, financial condition and results of operations. Furthermore, changes to CDA Section 230 are currently being debated by lawmakers, but the final content of these changes, if any, are currently unknown. In October of 2020, the chair of the Federal Communications Commission (" FCC ") announced that the FCC will be drafting regulations to clarify the meaning of CDA Section 230. Changes to CDA Section 230 remain uncertain, and could have a significant impact on our business, including by requiring us to comply with additional regulations, subjecting our business, and the businesses of our clients, to increased liability for content moderation activities, significantly increasing our expenses to comply with applicable laws and regulations, or shrinking the market for content moderation, any of which would adversely impact our 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. Because we have access to our clients' sensitive and confidential information in the ordinary course of our business, our employees have engaged and could engage in criminal, fraudulent or other conduct prohibited by applicable law, client contracts or internal policy. ~~The remote~~ **Remote and hybrid** work ~~environment implemented in~~ **arrangements for many of** our **employees** ~~response to the COVID- 19 pandemic and our inability to maintain access controls on physical space has reduced~~ **reduces** our ability to monitor employee conduct and ~~has elevated~~ **elevates** the risk of our employees engaging in such conduct undetected by us. For example, employees may exfiltrate data from client systems by using cameras to photograph their computer screens or provide unauthorized users with access to our and clients' computer systems. Since transitioning to ~~a~~ remote work ~~environment~~ **arrangements** , we have detected increased incidence of attempted employee fraud. For example, certain of our employees have abused their access to client systems to confer benefits, such as credits for our clients' services, on themselves or their associates, improperly collected sensitive customer data such as credit card or other payment information and engaged in other malfeasance, which has in certain cases resulted in harm to our relationships with impacted clients. Although we terminate employees when our investigations establish misconduct and have implemented measures designed to identify and deter such misconduct, such as fraud prevention training, there can be no assurance that such measures will prevent or detect further employee misconduct. If our employees, or third parties, including contractors and consultants, use their access to our and our clients' systems as a conduit for criminal activity or other misconduct, our clients and their customers may not consider our services and solutions safe and trustworthy, and we could receive negative press coverage or other public attention as a result. Such loss of trust and negative publicity could cause our existing clients to terminate or reduce the scope of their dealings with us and harm our ability to attract new clients, which would have an adverse effect on our business and results of operations. Further, we may be subject to claims of liability by our clients or their customers based on the misconduct or malfeasance of our employees, and our insurance policies may not cover all potential claims to which we are exposed or indemnify us for all liability. 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 results of operations may vary based on the impact of changes in the global economy and political environment on us and our clients. While it is often difficult to predict the impact of general economic and political conditions on our business, unfavorable economic or political conditions could adversely affect the demand for some of our clients' products and services and, in turn, could cause a decline in the demand for our services and solutions and materially adversely affect our revenues, financial condition and results of operations. We derive a significant portion of our revenues from ~~high- growth~~ consumer technology companies located in the United States. In particular, a substantial portion of our clients are concentrated in the social media, meal delivery and transport industries. The transportation, hospitality, entertainment, e-commerce, FinTech (including cryptocurrency) and retail industries are particularly sensitive to the economic environment, and tend to decline during general economic downturns. In the past we have experienced, and may in the future experience, substantial variation in revenues from our ~~high growth~~ consumer technology clients, including our FinTech (including cryptocurrency) clients. Our business growth largely depends on continued demand for our services and solutions from clients in these industries and other industries that we may target in the future, as well as on trends in these industries to purchase such services and solutions or to move such services and solutions in- house. In addition, as many of our clients are venture- backed technology companies that have not yet attained profitability, our clients may be particularly susceptible to economic downturns, especially if economic or financial conditions impair their ability to access continued funding. If the U. S. economy ~~further~~ weakens or slows, or a negative or an uncertain political climate persists, pricing for our services and solutions may be depressed and our clients may reduce or postpone their spending significantly, which may, in turn, lower the demand for our services and solutions and negatively affect our revenues and profitability. 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 and future growth depend largely on continued demand for our services performed in the Philippines and the United States. During the fiscal year ended December 31, ~~2022~~ **2023** , we derived ~~53~~ **55** % of our revenue from work performed in the Philippines, ~~26~~ **16** % of our revenue from work performed in the United States and ~~11~~ **13** % of our revenue from work performed in India. The Philippines has experienced political instability, acts of natural disaster, such as typhoons and flooding, and the occasional health and security threat and continues to be at risk of similar and other events that may disrupt our operations. In addition, we have benefited from many policies of the Government of India and the Indian state government in the state in which we operate which are designed to promote foreign investment. There is no assurance that such policies will continue. Various factors, such as changes in the central or state governments, could trigger significant changes in India' s economic liberalization and deregulation policies and disrupt business and economic conditions in India generally and our business in particular. We also conduct operations in Mexico, Taiwan, Ireland, Greece, Croatia, Serbia, Colombia, Malaysia and other international locations which are subject to various risks germane to those locations. Our international operations, particularly in the Philippines and India, and our ability to maintain our offshore sites in those jurisdictions are an essential component of our business model, as the labor costs in certain of those jurisdictions are substantially lower than the cost of comparable labor in the United States and other developed countries, which allows us to competitively price our solutions. Our competitive advantage would be greatly diminished and may disappear altogether as a result of a number of factors, including: • political unrest and geopolitical tensions; • social unrest; • terrorism or war; • health pandemics ~~(including the COVID- 19 pandemic)~~ or epidemics; • failure of power grids in certain of the countries in which we operate, which are subject to frequent outages; • currency fluctuations; • changes to the laws of the jurisdictions in which we operate; or • increases in the cost of labor and supplies in the jurisdictions in which we operate. Our business and our international operations may also be affected by actual or threatened trade war or other governmental action related to trade restrictions, such as tariffs or other trade controls. If we are unable to continue to leverage the skills and experience of our international workforce, particularly in the Philippines and India, we may be unable to provide our solutions at an attractive price and our business could be materially and negatively impacted. In addition, the Russian invasion of Ukraine and resulting sanctions and other measures imposed in response thereto have increased the level of economic and political uncertainty in Eastern Europe and worldwide. ~~We~~ **Similarly, ongoing tensions between Israel and other states in the Middle East region as well as within Israel and the Palestinian territories has resulted in, and may in the future result in, conflict and regional instability. Although we** do not have employees, facilities, or operations in ~~either~~ Russia or Ukraine ~~; however~~ **or Israel or Palestine** , the continuation of ~~the conflict~~ **conflicts** or ~~its~~ political expansion into surrounding geographic areas could directly impact us, our clients, vendors or subcontractors, which could impact our operations and financial performance. We continue to monitor the ~~situation~~ **situations** closely to ensure business continuity plans are in place for neighboring countries where we have a presence, but there can be no assurance that such plans will be effective. 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. We and our clients are subject to data privacy and security- related laws and regulations that impose obligations in connection with the collection, use, storage, processing or transmitting of personal and sensitive information. Existing U. S. federal and various state and foreign data privacy and security related laws and regulations are rapidly evolving and subject to potentially differing and / or contradictory interpretations, and we expect that legislative and regulatory bodies will expand existing or enact new laws and regulations regarding data privacy and information security related matters in the future, which may require us to expend significant resources to adapt to these changes, or stop offering our services and solutions in certain countries. In addition, because the scope of these laws is changing and may be subject to differing interpretations, and may be inconsistent among countries and jurisdictions in which we operate, or conflict with other rules, it may be costly for us to comply with these laws and regulations, and our attempts to comply with them may adversely affect our business, results of operations and financial condition. Because global laws, regulations, industry standards and other legal obligations concerning privacy and data security have continued to develop and evolve rapidly, it is possible that we or our business may not be, or may not have been, compliant with each such applicable law, regulation, industry standard or other legal obligation. We, our clients or our third- party service providers could be adversely affected if legislation or regulations are expanded to require changes in our business practices or the business practices of our clients, or our third- party service providers or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our, our clients' or our third- party service providers' business, results of operations or financial condition. Although we believe we take reasonable efforts to comply with all applicable laws and regulations with respect to security of our own systems, networks, and data, we rely heavily on the use of our clients' and third party service providers' systems to perform services, and we have no or limited ability to control such parties' systems, policies and practices or ensure that there are adequate safeguards in place with respect to these systems. If we or our customers or third- party service providers fail to comply with current or future laws or regulations, we may be subject to litigation regulatory investigations, fines, individual claims, commercial liabilities or other liabilities, as well as negative publicity and a potential loss of business. We also strive to comply with applicable industry (including self- regulatory) standards and codes of conduct relating to privacy and information security, and are subject to the terms of our own privacy policies and privacy- related obligations to third parties. Any failure or perceived failure by us to comply with applicable industry standards and codes of conduct, our privacy policies, or our privacy- related obligations to third- parties, **has in the past and** may **in the future** result in litigation, regulatory investigations, fines, individual claims, commercial liabilities or other liabilities, as well as negative publicity and a potential loss of business. Further, although we generally obtain and rely on contractual representations that our clients are in compliance with applicable laws and regulations, any such failure or perceived failure by our clients with respect to their users, customers or other third parties, or any failure or perceived failure of our clients to follow their publicly posted privacy policies or other agreements with their users, customers, or other third parties, may result in similar consequences to them and, to the extent our work for such clients is associated with such failure or perceived failure, to us. Additionally, if third parties we work with violate applicable laws, our policies or other privacy or security- related obligations, such violations may also put our clients' information at risk and could in turn have an adverse effect on our business. Governmental agencies may also request or take data for national security or informational purposes, and also can make data requests in connection with criminal or civil investigations or other matters, which could harm our reputation and our business. Certain of our clients are engaged in highly regulated industries and require solutions that ensure security given the nature of the content and information being distributed and associated applicable regulatory requirements. In particular, our employees may access, use or disclose protected health information in compliance with the requirements of the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, and related regulations, which are collectively referred to as HIPAA, and / or related federal and state laws and regulations. As a business associate, we are directly liable for compliance with HIPAA' s privacy and security requirements. We also have obligations under the business associate agreements that we are required to enter into with certain clients that are covered by HIPAA and certain subcontractors that we engage in connection with our business operations. Compliance efforts can be expensive and burdensome, and responses to enforcement activity can consume significant internal resources. If we fail to comply with our obligations under HIPAA and related federal and state laws and regulations, we may be subject to penalties, mitigation and breach notification expenses, private litigation and contractual damages, corrective action plans, resolution and monitoring agreements and related regulatory oversight and reputational harm. Our business prospects will suffer if we...... condition, and results of operations. 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. A majority of our revenues are in U. S. Dollars and our costs are primarily in local currencies, including the U. S. Dollar, Philippine Peso, Indian Rupee, Mexican Peso, **Colombian Peso,** Euro and Taiwanese Dollar. While we utilize hedging contracts **for some local currencies** , an appreciation of local currencies against the U. S. Dollar would cause a net adverse impact to our profitability. Our exchange rate forward contracts are not designated hedges under Accounting Standards Codification Topic 815, Derivatives and Hedging. Because our financial statements are presented in U. S. Dollars and revenues are primarily generated in U. S. Dollars, whereas some portion of the cost is incurred in foreign currencies, any significant unhedged fluctuations in the currency exchange rates between the U. S. Dollar and the currencies of countries in which we incur costs in local currencies will affect our results of operations and financial statements. This may also affect the comparability of our financial results from period to period, as we convert our subsidiaries' statements of financial position into U. S. Dollars from local currencies at the period- end exchange rate, and income and cash flow statements at average exchange rates for the year. See Part II, Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Trends and Factors Affecting our Performance. " As we increase our revenues from non- U. S. sites or expand our solution delivery or back office footprint to other international locations, this effect may be magnified. We may in the future engage in additional hedging strategies in an effort to reduce the adverse impact of fluctuations in foreign currency exchange rates, which may not be successful. See also Part II, Item 7A " Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk. " 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. Our corporate reputation is a significant factor in our clients' and prospective clients' determination of whether to engage us. We believe the " TaskUs " brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and also contribute to our efforts to recruit and retain talented employees. However, our corporate reputation is susceptible to damage by actions or statements made by current or former employees or clients, competitors, vendors, adversaries in legal proceedings and government regulators, as well as members of the investment community and the media. Our reputation could also be harmed by our association with certain clients with high visibility in the public. There is a risk that negative information about our company, even if based on false rumor or misunderstanding, could adversely affect our business. In particular, damage to our reputation could be difficult and time consuming to repair, could make potential or existing clients reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our " TaskUs " brand name and investor confidence in us and result in a decline in the price of our Class A common stock. Pricing pressure may reduce our revenue or gross profits and adversely affect our financial results. The prices for our services and solutions may decline for a variety of reasons, including competition in our business and pricing leverage from clients. In particular, we tend to face increased pricing pressure from clients as we expand the existing services and solutions we provide to them. Further, our reliance on any individual client for a significant portion of our revenue may give that client a certain ~~a certain~~ degree of pricing leverage against us when negotiating contracts and terms of service and solutions. In addition, competition continues to increase in the markets in which we operate, and we expect competition to further increase in the future. If we are unable to maintain our pricing due to competitive pressures or other factors, our margins will be reduced and our gross profits, business, financial condition and results of operations would be adversely affected. The success of our business depends on our senior management and key employees. Our success depends on the continued service and performance of our senior management, particularly Bryce Maddock, our Co- Founder and Chief Executive Officer, and Jaspar Weir, our Co- Founder and President, and other key employees. In each of the industries in which we participate, there is competition for experienced senior management and personnel with industry- specific expertise. We may not be able to retain our key personnel or recruit skilled personnel with appropriate qualifications and experience. The loss of key members of our personnel, particularly to competitors, could have a material adverse effect on our business, financial condition, results of operations and prospects. We currently do not maintain key man life insurance for any of the members of our senior management team or other key employees. We also do not have long- term employment contracts with all of our key employees. If one or more of our senior executives or key employees are unable or unwilling to continue in their present positions, it could disrupt our business operations, and we may not be able to replace them easily, on a timely basis or at all. If any of our senior management team, key employees, sales executives or other key sales personnel joins a competitor or forms a competing company, we may lose clients, suppliers, know- how and staff members to them, and our revenue may be materially adversely affected. Additionally, there could be unauthorized disclosure or use of our technical knowledge, business practices or procedures by such personnel. Any non- competition, non- solicitation or non- disclosure agreements we have **or might in the future have** with our senior executives or key employees might not provide effective protection to us in light of legal uncertainties and jurisdictional variations associated with the enforceability of such agreements. ~~The COVID- 19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, has adversely impacted our business, financial condition and results of operations. The COVID- 19 pandemic has had a widespread and detrimental effect on the global economy and has adversely impacted our business and results of operations. Although we successfully mobilized and implemented a virtual operating model in 2020 in response to the pandemic, we are unable to accurately predict the full long- term impact that the COVID- 19 pandemic, or any future outbreaks of contagious diseases or other adverse public health developments will have on our results of operations, financial condition, liquidity and cash flows. Our compliance with additional health and safety measures has impacted our day- to- day operations and disrupted our business and the business of our clients. Because the severity, magnitude and duration of the COVID- 19 pandemic and its full economic consequences remain uncertain, rapidly changing and difficult to predict, the ultimate impact of the COVID- 19 pandemic on our business, financial condition and results of operations remains unknown.~~ Risks Related to **Macroeconomic** ~~Macro- Economic~~ , Geographical and Political Conditions 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. Global macroeconomic and geopolitical conditions affect us, our clients' businesses and the markets in which we and they operate. Volatile, unfavorable and uncertain economic and political conditions have in the past compromised and could in the future compromise business confidence in the markets in which our clients and operations are concentrated, resulting in clients reducing, deferring or eliminating spending with us, which negatively affects our business. Growth and demand in the markets we or our clients serve could slow, stagnate or contract, in each case, for an extended period of time. Because we operate globally and have significant businesses in many markets, an economic slowdown in any of those markets could adversely affect our results of operations. Ongoing economic and political volatility and uncertainty and changing demand patterns affect our business in a number of other ways, including making it more difficult to accurately forecast client demand and effectively build our revenue and resource plans. Economic and political volatility and uncertainty is particularly challenging because it may take some time for the effects and changes in demand patterns resulting from these and other factors to manifest themselves in our business and results of operations. Changing demand patterns from economic and political volatility and uncertainty or otherwise, including as a result of increasing geopolitical tensions, inflation, economic downturns, changes in consumer behavior, changes in government regulations, global health emergencies and their impact on us and our clients, could have a significant negative impact on our business, financial condition and results of operations. Natural events, health pandemics ~~(including the COVID- 19 pandemic)~~ or epidemics, infrastructure breakdowns, wars, widespread civil unrest, terrorist attacks and other acts of violence involving any of the countries in which we or our clients have operations could adversely affect our operations and client confidence. Natural events (such as floods, volcanic eruptions, tsunamis and earthquakes), health pandemics or epidemics, wars, civil unrest, terrorist attacks and other acts of violence or war could result in significant worker absenteeism, increased attrition rates, lower asset utilization rates, voluntary or mandatory closure of our sites, our inability to meet dynamic employee health and safety requirements, our inability to meet contractual service levels for our clients, our inability to procure essential supplies, travel restrictions on our employees, and other disruptions to our business. For instance, the COVID- 19 pandemic resulted in the mandatory closure of some of our sites ~~. In particular,~~ **and required us to implement** a **virtual operating model in 2020 and additional health and safety measures, which impacted our day- to- day operations and disrupted our business and the business of our clients. A** natural disaster, catastrophic event or public health pandemic or epidemic could cause us or our clients to suspend all or a portion of their operations for a significant period of time, result in a permanent loss of resources, or require the relocation of personnel and material to alternate sites that may not be available or adequate. **As was the case for the COVID- 19 pandemic, the severity, magnitude and duration of such an event and its full economic consequences may be uncertain, rapidly change and pose an unpredictable ultimate impact on our business, financial condition and results of operations.** Such events could **also** adversely affect global economies, worldwide financial markets and our clients' levels of business activity and could potentially lead to economic recession, which could impact our clients' purchasing decisions and reduce demand for our services and solutions and, consequently, adversely affect our business, financial condition, results of operations and cash flows. In addition, global climate change is expected to result in certain natural disasters occurring more frequently or with greater intensity, such as tsunamis, cyclones, typhoons, drought, wildfires, sea- level rise, heavy rains and flooding. Any such disaster or series of disasters in areas where we have a concentration of sites, such as the Philippines, India, or Texas, could significantly disrupt our operations and have a material adverse effect on our business, results of operations and financial condition. For example, a significant portion of our operations are located in or near Manila, Philippines, in sites that are in close proximity to each other. A natural disaster, fire, earthquake, volcanic activity, tsunami, power interruption, work stoppage, outbreaks of pandemics or contagious diseases (such as the COVID- 19 pandemic) or other calamity in the Manila metropolitan area would significantly disrupt our ability to deliver our solutions and services and operate our business. Our sites, key technology systems and data and voice communications may also be damaged or disrupted as a result of technical disruptions such as electricity or infrastructure breakdowns, including from additional stress relating to an increase in working from home and Wi- Fi usage and including damage to telecommunications cables, computer glitches, power failures and electronic viruses or human- caused events such as protests, riots, labor unrest, terrorist attacks and cyberattacks. Such events, or any natural or weather- related disaster, could lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our sites. Any significant failure, damage or destruction of our equipment or systems, or any major disruptions to basic infrastructure such as power and telecommunications systems in the sites in which we operate, could impede our ability to provide solutions to our clients and thus adversely affect their businesses, have a negative impact on our reputation and may cause us to incur substantial additional expenses to repair or replace damaged equipment, internet server connections, information technology systems or sites. In addition, operations of our significant suppliers and distributors could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, such as those listed above, and, consequently, our operations could be adversely affected. Even if our operations are unaffected or recover quickly from any such events, if our clients cannot timely resume their own operations due to a catastrophic event, they may reduce or cancel their orders, which may adversely affect our results of operations. We may also be liable to our clients for disruption in service resulting from such damage or destruction. Any of these events, their consequences or the costs related to mitigation or remediation could have a material adverse effect on our business, financial condition, results of operations and prospects. While we maintain property and business interruption insurance, our insurance coverage may not be sufficient to guarantee costs of repairing the damage caused by such disruptive events and such events may not be covered under our policies. Prolonged disruption of our services and solutions, even if due to events beyond our control, could also entitle our clients to terminate their contracts with us or result in other brand and reputational damages, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Our operations in emerging markets subject us to greater economic, financial, and banking risks than we would face in more developed markets. We have significant operations in certain emerging market economies, including the Philippines and India. Emerging markets are vulnerable to market and economic volatility to a greater extent than more developed markets, which presents risks to our business and operations. A significant portion of our revenues are generated by services for companies headquartered in the United States. However, many of our personnel and sites are located in lower cost locations, including emerging markets. This exposes us to foreign exchange risks relating to revenues, compensation, purchases, capital expenditures, receivables and other balance- sheet items. As we continue to leverage and expand our global delivery model into other emerging markets, a larger portion of our revenues and incurred expenses may be in currencies other than U. S. Dollars. Currency exchange volatility caused by economic instability or other factors could materially impact our results. See Part II, Item 7A " Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk. " The economies of certain emerging market countries where we operate have experienced periods of considerable instability and have been subject to abrupt downturns. We have cash in banks in countries where the banking sector generally does not meet the banking standards of more developed markets, bank deposits made by corporate entities are not insured, and the banking system remains subject to instability. A banking crisis, or the bankruptcy or insolvency of banks that receive or hold our funds, particularly in the United States, may result in the loss of our deposits or adversely affect our ability to complete banking transactions in that region. In addition, some countries where we operate may impose regulatory or practical restrictions on the movement of cash and the exchange of foreign currencies within their banking systems, which would limit our ability to use cash across our global operations and increase our exposure to currency fluctuations. Emerging market vulnerability, and especially its impact on currency exchange volatility and banking systems, could have a material adverse effect on our business, financial condition and results of operations. Risks Related to Our Growth and Business Strategies 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 ~~and~~ **,** economic **and regulatory** risks that could impact our results of operations. We have continued to expand our international operations in order to maintain an appropriate cost structure and meet our clients' needs, which has included opening sites in new jurisdictions and providing our services and solutions in additional languages. We expect our continued expansion efforts will include expanding into countries other than those in which we currently operate and where we have less familiarity with local procedures. It may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. **Additionally, we expect our growth strategies to include expanding into industries where we have less prior operating experience and which may be subject to regulation with which we are less familiar.** As we continue to expand our business into new countries **or industries** , we may encounter economic, regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries **or industries** . This may affect our relationships with our clients and could have an adverse effect on our business, financial condition, results of operations and prospects. Any new markets **, industries** or countries ~~into~~ **in** which we attempt to provide our services and solutions may not be receptive. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. International expansion has required, and will continue to require, investment of significant funds and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with: • compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, consumer protection, and unsolicited email, and the risk of penalties to our users and individual members of management or employees if our practices are deemed to be out of compliance; • recruiting and retaining talented and capable employees, and maintaining our company culture across our sites; • providing our services and solutions and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our services and solutions to ensure that they are culturally appropriate and relevant in different countries; • management of an employee base in jurisdictions, such as Mexico, Greece and Ireland, that do not give us the same employment and retention flexibility as does the United States; • operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States; • compliance by us and our business partners with anti- corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions, and other regulatory limitations on our ability to provide our platform in certain international markets; • foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States; • political and economic instability; • changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes and other trade barriers; • double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and • higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs. Compliance with laws and regulations applicable to our international operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws and regulations. Although we have implemented policies and procedures designed to support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners, and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions, or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, our business, financial condition and results of operations could be adversely affected. We face substantial competition in our business. The markets in which we compete are highly competitive, highly fragmented and continuously evolving. We face competition from a variety of companies, including some of our own clients, and we expect competition to remain intense in the future. Our services and solutions may easily be replicated by our competitors, and our services can be moved from one provider to another. Some of our existing and future competitors have or will have greater financial, human and other resources, longer operating histories, larger geographic presence, greater technological expertise and more established relationships in the industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies in order to increase their ability to address client needs and reduce operating costs, or enter into similar arrangements with potential clients. Further, trends of consolidation in our industries and among competitors may result in new competitors with greater scale, a broader footprint, new, disruptive technologies or delivery models and price efficiencies attractive to our clients. Increased competition, our inability to compete successfully, pricing pressures or loss of market share could result in reduced operating profit margins and diminished financial performance, which would have a material adverse effect on our business, financial condition, results of operations and prospects. We may acquire other companies in pursuit of growth, which may divert our management' s attention, result in dilution to our shareholders and consume resources that are necessary to sustain our business. As part of our business strategy, we regularly review potential strategic transactions, including potential acquisitions, dispositions, consolidations, joint ventures or similar transactions, some of which may be material. We expect to continue to evaluate potential strategic transactions on an ongoing basis. Negotiating potential strategic transactions can be time consuming, difficult and expensive, and our ability to complete these transactions may be subject to conditions or approvals that are beyond our control. Consequently, these transactions, even if undertaken and announced, may not close. An acquisition, investment or new business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, services, products, personnel or operations of acquired companies, particularly if the key personnel of the acquired company choose not to work for us, the acquired company' s technology is not easily compatible with ours or we have difficulty retaining the clients of any acquired business due to changes in management or otherwise. Historically, we have primarily grown our operations organically, and we do not have significant experience managing the acquisition of a business, including with diligence or integration. Mergers or acquisitions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for the development of our business. Moreover, the anticipated benefits of any merger, acquisition, investment or similar partnership may not be realized or we may be exposed to unknown liabilities, including litigation against the companies we may acquire, for example from failure to identify all of the significant risks or liabilities associated with the target business. Any of these risks could materially and adversely affect our business, financial condition, results of operations and prospects. ~~We~~ **As we** have ~~a~~ **continued in our** relatively short history of operating at a large, global scale **, we have not been able to sustain our past revenue growth rate or profitability,** and **we** may not be able to ~~sustain~~ **return to** our ~~revenue~~ **prior level of** growth rate or profitability in the future. ~~We have~~ **Although we** experienced rapid revenue growth in **previous periods, we have not been able maintain that level of revenue growth in the most** recent ~~periods~~ **fiscal year and may not be able to return to our prior level of revenue growth or profitability in the future** . Our revenue ~~increased~~ **decreased by 3. 8 % from $ 960. 5 million in the fiscal year ended December 31, 2022 to $ 924. 4 million in the fiscal year ended December 31, 2023 after increasing** by 26. 3 % from $ 760. 7 million in the fiscal year ended December 31, 2021 to $ 960. 5 million in the fiscal year ended December 31, 2022 ~~and 59. 1 % from $ 478. 0 million in the fiscal year ended December 31, 2020 to $ 760. 7 million in the fiscal year ended December 31, 2021~~ . Our **past** rapid growth **was** ~~has been~~ fueled in part by the rapid growth of our major clients in high **-** growth industries, such as social media, meal delivery and transport, e- commerce and FinTech. We may not be able to sustain revenue growth consistent with our recent history or at all. You should not consider our revenue growth in ~~recent~~ **prior** periods as indicative of our future performance. As we **continue to** grow our business, ~~we expect~~ our revenue growth rates **could continue** to ~~slow in future periods. Our revenue growth rate may~~ slow due to a number of factors, which may include slowing demand for our services, increasing competition, decreasing growth of our overall market, our inability to engage and retain a sufficient number of skilled employees or otherwise scale our business, prevailing wages in the markets in which we operate or our failure, for any reason, to capitalize on growth opportunities. In addition, any slowdown in the growth of our major clients, or the industries that we serve, may adversely impact the rate of our revenue growth. In addition, the industry in which we operate is continuously evolving. Competition, fueled by rapidly changing consumer demands and constant technological developments, renders the industry in which we operate one in which success and performance metrics are difficult to predict and measure. Because services and technologies are rapidly evolving and each company within the industry can vary greatly in terms of the services it provides, its business model, and its results of operations, it can be difficult to predict how any company' s services, including ours, will be received in the market. While enterprises have been willing to devote significant resources to incorporate new technologies and market practices into their business models, enterprises may not continue to spend any significant portion of their budgets on our services in the future. If our clients' demand for our services declines, as a result of economic conditions, market factors or shifts in the technology industry, our business would suffer and our financial condition and results of operations would be adversely affected. Risks Related to Labor, Employees and Management Increases in employee expenses as well as changes to labor laws could reduce our profit margin. We may not be successful in our attempt to control costs associated with salaries and benefits. For the fiscal year ended December 31, ~~2022~~ **2023** , payroll and related costs accounted for approximately $ ~~672~~ **624** million, or ~~70~~ **67** %, of our revenue. Employee benefits expenses in each of the countries in which we operate are a function of **general macroeconomic factors such as inflation,** the **specific** country' s economic growth, level of employment and overall competition for qualified employees in the country. In addition, wage inflation, whether driven by **macroeconomic factors,** competition for talent or ordinary course pay increases, may increase our cost of providing services and reduce our profitability if we are not able to pass those costs on to our clients or charge premium prices. We may need to increase employee compensation more than in previous periods to remain competitive in attracting the quantity and quality of employees that our business requires, which may reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. In addition, wage increases or other expenses related to the termination of our employees may reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. If we expand our operations into new jurisdictions, we may be subject to increased operating costs, including higher employee compensation expenses in these new jurisdictions relative to our current operating costs, which could have a negative effect on our profit margin. Furthermore, many of the countries in which we operate have labor protection laws, which may include statutorily mandated minimum annual wage increases, legislation that imposes financial obligations on employers and laws governing the employment of workers. These labor laws in one or more of the key jurisdictions in which we operate, particularly in the United States, the Philippines or India, may be modified in the future in a way that is detrimental to our business. Recently, a number of state and local governments in the United States have increased the minimum wage for employees with other such laws proposed, and there have been various proposals discussed to increase the federal minimum wage in the United States. As federal or state minimum wage rates increase, we may need to increase the wages paid to our hourly team members. Further, should we fail to increase our wages competitively in response to increasing wage rates, our attrition could increase and the quality of our workforce could decline, causing our client service to suffer. Additionally, the U. S. Department of Labor has issued regulations increasing the minimum threshold for overtime " exempt " employees, and additional increases may be proposed, which could result in a substantial increase in our payroll expense **or other changes to our employment practices** . If these labor laws become more stringent, it may become more difficult for us to discharge employees, or cost- effectively downsize our operations as our level of activity fluctuates, both of which would likely reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, as we expand to other markets, some of those markets may have employment laws that provide greater job security, bargaining or other rights to employees than the laws in the United States **, the Philippines, India or other countries where we currently do business** . Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor arrangements. A strike, work stoppage or slowdown by our employees or significant dispute with our employees, whether or not related to negotiations, could result in a significant disruption of our operations or higher ongoing labor costs and could have a material adverse effect on our business, financial condition, results of operations and prospects and harm our reputation. In addition, our employees may in the future elect to form unions and seek to bargain collectively. If employees at any of our sites become unionized, we may be required to raise wage levels or grant other benefits that could result in an increase in our compensation expenses, in which case our profitability may be adversely affected. Our clients often dictate where they wish for us to locate the sites that serve their customers, such as " near- shore " jurisdictions located in close proximity to the United States or specific locations elsewhere in the world. There is no assurance that we will be able to find and secure locations suitable for operations in jurisdictions which meet our cost- effectiveness and security standards. Our inability to expand our operations to such locations may impact our ability to secure new and additional business from clients, and could adversely affect our growth and results of operations. 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. Our business relies on large numbers of trained and skilled employees at our sites, and our success depends to a significant extent on our ability to attract, hire, train and retain skilled employees. The outsourcing and technology industries generally experience high employee turnover. In addition, we compete for skilled employees not only with other companies in our industry, but also with companies in other industries, such as social media, meal delivery and transport, e- commerce and FinTech, among others. Increased competition for these employees, particularly in tight labor markets, remains high and we expect such competition to continue, and could have an adverse effect on our business. Additionally, a significant increase in the turnover rate among trained employees could increase our costs, including personnel expenses and training costs and decrease our operating profit margins and could have an adverse effect on our ability to complete existing contracts in a timely manner, meet client objectives and expand our business. In addition, our failure to attract, train and retain personnel with the experience and skills necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully into our operations could have a material adverse effect on our business, financial condition, results of operations and prospects by impacting our ability to maintain and renew existing client engagements, obtain new business, and increase our margins. Further, we may incur additional expenses in rehiring and retraining employees and / or bridging the gap between internal assignments, creating inelasticity of our labor costs relative to short- term movements in client demand. Additionally, the hiring and training of our employees in response to increased demand takes time and results in additional short **-** term expenses. These factors constrain our ability to adjust our labor costs for short- term movements in demand, which could have a material adverse effect on our business, financial condition and results of operations. There may be adverse tax and employment law consequences if the independent contractor status of some of our personnel or the exempt status of our employees is successfully challenged. In several countries, a small number of individuals provide services to us as independent contractors. In addition, over ~~100~~ **600** , 000 individuals have accounts on TaskVerse, an open platform that connects a global community of freelancers to complete a variety of tasks in exchange for compensation. Freelancers who perform projects on the TaskVerse are not employees of TaskUs. The criteria to determine whether an individual is considered an independent contractor, an employee, or some other classification are typically fact sensitive and vary by jurisdiction, as can the interpretation of the applicable laws. If a government authority or court makes any adverse determination with respect to project classifications in general or one or more of our independent contractors specifically, we could incur significant costs, including for prior periods, in respect of tax withholding, social security taxes or payments, workers' compensation and unemployment contributions, and recordkeeping, or we may be required to modify our business model, any of which could materially adversely affect our business, financial condition and results of operations and increase the difficulty in attracting and retaining personnel. Risks Related to Our Clients and Client Contracts If our clients decide to enter into or further expand insourcing activities in the future, or if current trends toward outsourcing services and / or outsourcing activities are reversed, it may materially adversely affect our business, results of operations, financial condition and prospects. Our current agreements with our clients do not prevent our clients from insourcing services that are currently outsourced to us, and none of our clients have entered into any non- compete agreements with us. Our current clients may seek to insource services similar to those we provide. Any decision by our clients to enter into or further expand insourcing activities in the future could cause us to lose a significant volume of business and may materially adversely affect our business, financial condition, results of operations and prospects. Moreover, the trend towards outsourcing business processes may not continue and could be reversed by factors beyond our control, including negative perceptions attached to outsourcing activities, government regulations against outsourcing activities, or technological developments or improvements in automation that cause insourcing to be a more attractive economic option. Political opposition to outsourcing services and / or activities may also arise in certain countries if there is a perception that such actions have a negative effect on domestic employment opportunities. In addition, our business may be adversely affected by potential new laws and regulations prohibiting or limiting outsourcing of certain core business activities of our clients in key jurisdictions in which we conduct our business, such as in the United States. The introduction of such laws and regulations or the change in interpretation of existing laws and regulations could adversely affect our business, financial condition, results of operations and prospects. The consolidation of our clients or potential clients may adversely affect our business, financial condition, results of operations and prospects. Consolidation of the potential users of our solutions may decrease the number of clients who contract for our solutions. Any significant reduction in or elimination of the use of the solutions we provide as a result of consolidation would result in reduced revenue to us and could harm our business. Such consolidation may encourage clients to apply increasing pressure on us to lower the prices we charge for our solutions, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The terms of our client contracts or inaccurate forecasting may limit our profitability or enable our clients to reduce or terminate their use of our solutions. Some of our client contracts do not have minimum volume requirements, and the profitability of each client contract or work order **has in the past fluctuated and** may **in the future** fluctuate, sometimes significantly, throughout various stages of the program. Further, clients in some cases do not accurately forecast their demand for our services, which has resulted in and may in the future may result in over- hiring for certain campaigns without the ability to charge the client for these excess headcount costs, including severance and post-employment benefits. There can be no assurance that our clients will not terminate their contracts before their scheduled expiration dates, that the volume of services for these programs will not be reduced, that we will be able to avoid penalties or earn performance bonuses for our solutions, or that we will be able to terminate unprofitable contracts without incurring significant liabilities. For these reasons, there can be no assurance that our client contracts will be profitable for us or that we will be able to achieve or maintain any particular level of profitability through our client contracts. In addition, these risks make it more difficult to predict our financial results in future periods. We may be subject to liability claims if we breach our contracts, and our insurance may be inadequate to cover our losses. We are subject to numerous obligations in our contracts with our clients. Despite the procedures, systems and internal controls we have implemented to comply with our contracts, on occasion we have in the past failed and may in the future fail to achieve these commitments, whether through a weakness in these procedures, systems and internal controls, negligence or the willful act of an employee or contractor, or other factors beyond our control, such as weaknesses in our clients' systems and security. Our insurance policies, including our cyber and errors and omissions insurance, may be inadequate to compensate us for the potentially significant losses that may result from claims arising from breaches of our contracts (including breaches that result in the unauthorized access to systems or disclosure of data), disruptions in our services, failures or disruptions to our infrastructure, catastrophic events, ~~the COVID- 19 pandemic~~ **pandemics** , disasters or otherwise. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management' s attention. If our current insurance coverage is or becomes insufficient to protect against losses incurred, our business, financial condition and results of operations may be adversely affected. We provide services and solutions that are integral to our clients' businesses. If we were to default in the provision of any contractually agreed- upon services or solutions, our clients could suffer significant damages and make claims against us for those damages. We currently carry cyber and errors and omissions liability coverage in an amount we consider appropriate **under the circumstances** for all services we provide. To the extent client damages are deemed recoverable against us in amounts substantially in excess of our insurance coverage, or if our claims for insurance coverage are denied by our insurance carriers for any reason, including reasons beyond our control, there could be a material adverse effect on our revenue, business, financial condition and results of operations. Although we maintain professional liability insurance, product liability insurance, commercial general and property **insurance, crime** insurance, business interruption insurance, workers' compensation coverage, and umbrella insurance for certain of our operations, our insurance coverage does not insure against all risks in our operations or all claims we may receive. Damage claims from clients or third parties brought against us or claims that we initiate due to a data security breach, the disruption of our business, litigation, or natural disasters, may not be covered by our insurance, may exceed the limits of our insurance coverage, and may result in substantial costs and diversion of resources even if insured. Some types of insurance are not available on reasonable terms or at all in some countries in which we operate, and we cannot insure against damage to our reputation. The assertion of one or more large claims against us, whether or not successful and whether or not insured, could materially adversely affect our reputation, business, financial condition and results of operations. Risks Related to Intellectual Property and Technology Others could claim that we infringe, violate, or misappropriate their intellectual property rights, which may result in substantial costs, diversion of resources and management attention and harm to our reputation. Our success largely depends on our ability to use and develop our technology, tools, code, methodologies and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. We or our clients may be subject to claims that our services and solutions infringe, misappropriate, or violate the intellectual property rights of third parties, vendors, current and former employees, and independent contractors. In our contracts, we agree to indemnify our clients for expenses and liabilities resulting from third-party claims that our solutions infringe, misappropriate, or violate their intellectual property rights, in some cases excluding third party components. In some instances, the amount of these indemnity obligations may be greater than the revenues we receive from the client under the applicable contract. Further, our current and former employees and independent contractors could challenge our exclusive rights to the software and other technology they have developed in the course of their employment or engagement with us. Any such claims, whether or not they have merit or are successful, may result in substantial costs, divert management attention and other resources, harm our reputation and prevent us from offering our solutions to clients. A successful claim against us could materially and adversely affect our business, resulting in our being required to enter into license agreements (if available on commercially reasonable terms or at all), substitute inferior or costlier technologies into our solutions, pay monetary damages or royalties and / or comply with an injunction against providing some or all of our solutions to clients. We also license software from third parties. Other parties may claim that our use of such licensed software infringes their intellectual property rights. Although we seek to secure indemnification protection from our software vendors to protect us against such claims, not all of our vendors agree to provide us with sufficient indemnification protection, and even in the instances where we do secure such protection, it is possible that such vendors may not honor those obligations or that we may have a costly dispute with a vendor over such obligations. If we fail to adequately protect our intellectual property rights and proprietary information in the United States and abroad, our competitive position could be impaired and we may lose valuable assets, experience reduced revenues and incur costly litigation to protect our rights. We believe that our success is dependent, in part, upon protecting our intellectual property rights and proprietary information, including trade secrets. We rely on a combination of intellectual property rights, including trademarks, copyright, trade secrets, contractual restrictions and technical measures to establish and protect our intellectual property rights and proprietary information. However, the steps we take to protect our intellectual property rights and proprietary information may provide only limited protection and may not now or in the future provide us with a competitive advantage. Any of our intellectual property rights may be challenged by others and could be invalidated through administrative process or litigation. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create products and services that compete with our solutions, which may cause us to lose market share or render us unable to operate our business profitably. In addition, some contractual provisions protecting against unauthorized use, copying, transfer, and disclosure of our technology may be unenforceable under the laws of jurisdictions outside the United States and the laws of some countries do not protect intellectual property rights to the same extent as the laws of the United States, and as a result we may not be able to protect our technology and intellectual property in all jurisdictions in which we operate. We engage in a number of measures designed to mitigate risks related to our intellectual property rights and proprietary information, including trade secrets, but there can be no guarantees that these measures will be effective in controlling access to or the distribution of our proprietary information. Further, these measures will not prevent potential competitors from independently developing technologies that may be substantially equivalent or superior to ours. While our contracts with our clients provide that we retain the ownership rights to our pre- existing proprietary intellectual property, in some cases we may assign to clients intellectual property rights in and to some aspects of the work product developed specifically for these clients in connection with these projects. If we assign intellectual property rights to clients that may be more broadly useful in our business, that would limit or prevent our ability to use such intellectual property rights in our solutions. We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, including to protect our trade secrets. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation that we may enter into to protect and enforce our intellectual property rights, could make it more expensive for us to do business and adversely affect our operating results by delaying further sales or the implementation of our technologies, impairing the functionality of our solutions, delaying introductions of new features or applications or injuring our reputation. Our solutions use open source software, and any failure to comply with the terms of one or more applicable open source licenses could adversely affect our business, subject us to litigation, and create potential liability. Some of our solutions use software made available under open source licenses, and we expect to continue to incorporate open source software in our solutions in the future. Open source software is typically freely available, but is licensed under various requirements that bind the licensee. While the use of open source software may reduce development costs and speed up the development process, it may also present certain risks, that may be greater than those associated with the use of third- party commercial software. For example, open source software is generally provided without any warranties, support or other contractual protections regarding infringement or the quality of the code, including the existence of security vulnerabilities. In addition, some license requirements may include that we offer our solutions that incorporate the open source software for no cost, that we make publicly available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license. We cannot guarantee we comply with all obligations under these licenses. If the owner of the copyright in the relevant open source software were to allege that we had not complied with the conditions of one or more open source licenses, we could be required to incur significant expenses defending against such allegations, may be subject to the payment of damages, enjoined from further use of the software, required to comply with conditions of the license (which may include releasing the source code of our proprietary software to third parties without charge), or forced to devote additional resources to re- engineer all or a portion of our solutions to avoid using the open source software. Any of these events could create liability for us, damage our reputation, and have an adverse effect on our revenue, and operations. Our business relies heavily on owned and third- party technology and computer systems, which subjects us to various uncertainties. We rely heavily on sophisticated and specialized communications and computer technology coupled with third- party telecommunications and bandwidth providers to provide high- quality and reliable real- time solutions on behalf of our clients through our sites. We rely on client relationship management and other systems and technology in our contact center operations. Our operations, therefore, depend on the proper functioning of our and third parties' equipment and systems, including hardware and software. We also rely on the data services provided by local communication companies in the countries in which we operate as well as domestic and international service providers. We may in the future experience system disruptions, outages, and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, earthquakes, terrorist attacks, war, floods, fires, power loss, telecommunication failures, vendor issues, software defects, human error, viruses, worms, security attacks (internal or external), fraud, spikes in customer usage, or denial of service attacks. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Because of the large amount of data that we collect and process in our systems, it is possible that these issues could result in data loss or corruption, or cause the data to be unavailable, incomplete or contain inaccuracies that our clients, their customers and other users regard as significant. Furthermore, the availability or performance of our solutions could also be adversely affected by our clients' and their customers' and other users' inability to access the internet. For example, our clients and their customers and other users access our solutions through their internet service providers. If a service provider fails to provide sufficient capacity to support our applications or otherwise experiences service outages, such failure could interrupt our clients' and their customers' and other users' access to our applications, which could adversely affect their perception of our applications' reliability and our revenues. We seek to maintain sufficient capacity in our operations infrastructure to meet the needs of all of our clients and users, as well as our own needs, and to ensure that our services and solutions are accessible, including backup and redundancy mechanisms. Despite our efforts, any disruptions in the delivery of our services due to the failure of our systems, hardware or software, whether provided and maintained by third parties or our in- house teams, or due to interruptions in our data services or those of third parties that adversely affect the quality or reliability (or perceived quality or reliability) of our solutions or render us unable to handle increased volumes of client interaction during periods of high demand, may result in reduction in revenue, loss of clients, or require unexpected investments in new systems or technology to ensure that we can continue to provide high- quality and reliable solutions to our clients. These types of interruptions or failures could also adversely impact our timekeeping, scheduling, and workforce management applications, such as scheduling, forecasting and reporting applications and home build systems for employee timekeeping, scheduling and employee leave requests. The occurrence of any such interruption or unplanned investment could materially adversely affect our business, financial positions, operating results and prospects. In addition, in some areas of our business, we depend upon the quality and reliability of the services and products of our clients which we help sell to their end customers. If the services and solutions we provide to our clients through their services and products experience technical difficulties or quality issues, our clients may face difficulties selling their services and products to their end customers and we may have a harder time selling services and solutions to our clients, which could have an adverse impact on our business and operating results. We further anticipate that it will be necessary to continue to invest in our technology and communications infrastructure to ensure reliability and maintain our competitiveness. This is likely to result in significant ongoing capital expenditures for maintenance as well as growth as we continue to grow our business. There can be no assurance that any of our information systems will be adequate to meet our future needs or that we will be able to incorporate new technology to enhance and develop our existing solutions. Moreover, investments in technology, including future investments in upgrades and enhancements to hardware or software, may not necessarily maintain our competitiveness. Our future success will also depend in part on our ability to anticipate and develop information technology solutions that keep pace with evolving industry standards and changing client demands. Our success depends, in part, upon our ability to anticipate our clients' needs by adapting to market and technology trends. We may need to invest significant resources in research and development to maintain and improve our solutions **, adapt to technological advancements, including AI,** and respond to our clients' changing needs. If we are unable to further refine and enhance our solutions or to anticipate innovation opportunities and keep pace with evolving technologies **, including AI,** in a timely manner or on a cost **-** effective basis, our solutions could become uncompetitive or obsolete and as a result our clients may terminate their relationship with us or choose to divert their business elsewhere, and our revenue may decline as a result. In addition, we may experience technical problems and additional costs as we introduce new solutions, deploy future iterations of our solutions and integrate new solutions with existing client systems and workflows. If any of these or related problems were to arise, our business, financial condition, results of operations and prospects could be adversely affected. Our clients span industry verticals, including social media, e- commerce, gaming, streaming media, food delivery and ride sharing, Technology, FinTech and HealthTech. If we are unable to successfully adapt our solutions to these industry verticals, if we are not successful in attracting successful clients in these industry verticals, or if these industry verticals do not grow in line with our expectations, our potential growth opportunities could be compromised. In the event we acquire or invest in new companies and those companies fail to obtain all intellectual property rights necessary to enable full use of intellectual property acquired, we may not realize the return on investment that we anticipate and may have exposure to claims for intellectual property misappropriation or infringement. Further, if we invest in new companies and key human resources needed to use the technology leave the company, we may not be able to realize the return on investment expected. Risks Related to Legal, Regulatory and Tax Matters We are subject to laws and regulations in the United States and other countries in which we operate, including export restrictions, economic sanctions, the FCPA, and similar anti- corruption laws. Compliance with these laws requires significant resources and non- compliance may result in civil or criminal penalties and other remedial measures. We are subject to many laws and regulations that restrict our international operations, including laws that prohibit activities involving restricted countries, organizations, entities and persons that have been identified as unlawful actors or that are subject to U. S. sanctions. The U. S. Office of Foreign Assets Control (" OFAC "), and other international bodies have imposed sanctions that prohibit us from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. Furthermore, we are subject to U. S. export controls, specifically the Export Administration Regulations, and the export controls of other jurisdictions. We are also subject to the FCPA, and anti- bribery and anti- corruption laws in other countries, which prohibit companies and their intermediaries from bribing government officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. We operate in many parts of the world that have experienced government corruption to some degree, and, in certain circumstances, strict compliance with anti- bribery laws may conflict with local customs and practices, although adherence to local customs and practices is generally not a defense under U. S. and other anti- bribery laws. Our compliance program contains controls and procedures designed to ensure our compliance with the FCPA, OFAC and other sanctions, export controls and laws and regulations. The continuing implementation and ongoing development and monitoring of our compliance program is time consuming and expensive, and could result in the discovery of compliance issues or violations by us or our employees, independent contractors, subcontractors or agents of which we were previously unaware. In addition, due to uncertainties and complexities in the regulatory environment, we cannot assure you that regulators will interpret laws and regulations the same way we do, or that we will always be in full compliance with applicable laws and regulations. Any violations of these or other laws, regulations and procedures by our employees, independent contractors, subcontractors and agents, including third parties we associate with or companies we acquire, could expose us to administrative, civil or criminal penalties, fines or business restrictions, which could have a material adverse effect on our results of operations and financial condition and would adversely affect our reputation and the market for shares of our Class A common stock and may require certain of our investors to disclose their investment in us under certain state laws. We and our affiliates from time to time are required to report specified dealings or transactions involving Iran or other sanctioned individuals or entities. The Iran Threat Reduction and Syria Human Rights Act of 2012 (" ITRA ") requires companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions. In some cases, ITRA requires companies to disclose these types of transactions even if they were permissible under U. S. law. Companies that currently may be or may have been at the time considered our affiliates have from time to time publicly filed and / or provided to us the disclosure reproduced on Exhibit 99. 1 of this **Annual** ~~report~~ **Report** , which disclosure is hereby incorporated by reference herein. We do not independently verify or participate in the preparation of these disclosures. We are required to separately file with the SEC a notice when such activities have been disclosed ~~in this report~~ , and the SEC is required to post such notice of disclosure on its website and send the report to the President and certain ~~US~~ **U. S.** Congressional committees. The President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, determine whether sanctions should be imposed. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business, and any failure to disclose any such activities as required could additionally result in fines or penalties. Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business. From time to time, we have been and may in the future be party to various claims and litigation proceedings, including class actions. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment ~~. Although we are not currently party to any litigation that we consider material, actual outcomes or losses may differ materially from our assessments and estimates~~ . Even when these claims are not meritorious, the defense of these claims may divert our management' s attention, and may result in significant expenses. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future. Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery. Our global operations expose us to numerous legal and regulatory requirements and failure to comply with such requirements, including unexpected changes to such requirements, could adversely affect our results of operations. We service our clients' customers around the world. We are subject to numerous, and sometimes conflicting, legal regimes of the United States and foreign national, state and provincial authorities on matters as diverse as anti- corruption, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti- competition, data security, privacy, labor relations, wages and severance, and health care requirements. For example, our operations in the United States are, and our operations outside of the United States may also be, subject to U. S. laws on these diverse matters. U. S. laws may be different in significant respects from the laws of the Philippines and India, where we have significant operations, and other jurisdictions where we have operations or are seeking to expand. We also have expanded and may seek to expand operations in emerging market jurisdictions where legal systems are less developed or familiar to us. In addition, there can be no assurance that the laws or administrative practices relating to taxation (including the current position as to income and withholding taxes), foreign exchange, export controls, economic sanctions or otherwise in the jurisdictions where we have operations will not change. In addition, changes in tax laws in some jurisdictions may have ~~an~~ **a** retroactive effect and we may be found to have paid less tax than required in such regions. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our clients also could result in liability for significant monetary damages, fines or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights. Although we take precautions to prevent our services from being provided or deployed in violation of such laws, our services could be provided inadvertently in violation of such laws despite the precautions we take, including usage by our clients in violation of our terms of service. We also cannot assure you that our employees **,** agents and other third parties will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible, including entering into contracts or agreements with third parties without our knowledge or consent that would result in such violation. If we fail to comply with these laws, we and our employees could be subject to civil or criminal penalties, including the possible loss of export privileges, monetary penalties, and, in extreme cases, imprisonment of responsible employees for knowing and willful violations of these laws. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our services and solutions or could limit our users' ability to access our services and solutions in those countries. Changes in our services and solutions, or future changes in export and import regulations may prevent our users with international operations from utilizing our services and solutions globally or, in some cases, prevent the export or import of our services and solutions to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our services and solutions by, or in our decreased ability to export or sell services and solutions to, existing or potential users with international operations. Any decreased use of our platform or limitation on our ability to export or sell our services and solutions would likely adversely affect our business, financial condition and results of operations. We cannot predict whether any material suits, claims, or investigations may arise in the future. Regardless of the outcome of any future actions, claims, or investigations, we may incur substantial defense costs and such actions may cause a diversion of management time and attention. Also, it is possible that we may be required to pay substantial damages or settlement costs which could have a material adverse effect on our business, financial condition, results of operations and prospects. From time to time, some of our employees spend significant amounts of time at our ~~client~~ **clients** ' ~~s~~ sites, often in foreign jurisdictions, which expose us to certain risks. Some of our projects require a portion of the work to be undertaken at our clients' facilities, which are often located outside our employees' ~~country~~ **countries** of residence. The ability of our employees to work in locations around the world may depend on their ability to obtain the required visas and work permits, and this process can be lengthy and difficult. Immigration laws are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions and international travel, which may be adversely affected by regional or global circumstances or travel restrictions also affects our employees' ability to work in foreign jurisdictions. In addition, we may become subject to taxation in jurisdictions where we would not otherwise be so subject as a result of the amount of time that our employees spend in any such jurisdiction in any given year. While we seek to monitor the number of days that our employees spend in each country to avoid subjecting ourselves to any such taxation, there can be no assurance that we will be successful in these efforts. Our business operations and financial condition could be adversely affected by negative publicity about offshore outsourcing or anti- outsourcing legislation in the countries in which our clients operate. Concerns that offshore outsourcing has resulted in a loss of jobs and sensitive technologies and information to foreign countries have led to negative publicity concerning outsourcing in some countries. Many organizations and public figures in the United States and Europe have publicly expressed concern about a perceived association between offshore outsourcing IT service providers and the loss of jobs in their home countries. Current or prospective clients may elect to perform services that we offer, or may be discouraged from transferring these services to offshore providers such as ourselves, to avoid any negative perceptions that may be associated with using an offshore provider or for data privacy and security concerns. As a result, our ability to compete effectively with competitors that operate primarily out of facilities located in these countries could be harmed. Governments and industry organizations may also adopt new laws, regulations or requirements, or make changes to existing laws or regulations, that could impact the demand for, or value of, our services. If we are unable to adapt the solutions we deliver to our clients to changing legal and regulatory standards or other requirements in a timely manner, or if our solutions fail to allow our clients to comply with applicable laws and regulations, our clients may lose confidence in our services and could switch to services offered by our competitors, or threaten or bring legal actions against us. Increases in income tax rates, changes in income or other tax laws **, losses of tax incentives** or disagreements with tax authorities could adversely affect our business, financial condition or results of operations. We are subject to income taxes in the United States and in certain foreign jurisdictions in which we operate. Increases in income tax rates **, losses of tax incentives** or other changes in income tax laws in any particular jurisdiction could reduce our after- tax income from such jurisdictions and could adversely affect our business, financial condition or results of operations. Our operations outside the United States generate a significant portion of our income and many of the other countries in which we have significant operations, have recently made or are actively considering changes to existing tax laws. For example, in August 2022, the Inflation Reduction Act (the " IRA ") was signed into law. The IRA, among other things, includes a ~~new~~ 15 % corporate minimum tax as well as a 1 % excise tax on corporate stock repurchases completed after December 31, 2022, subject to certain exceptions. **The IRA applies to our repurchases pursuant to our stock repurchase plan. Various foreign jurisdictions are in the process of enacting Pillar Two legislation to adopt a minimum tax of 15 % on the income arising in each jurisdiction in which large corporations operate and would apply to multinational companies with consolidated revenue above € 750 million in at least two of the four preceding years. This is per the " Model Rules ", which are also referred to as the " Anti Global Base Erosion " or " GloBE " rules as issued by the Organization for Economic Co- operations and Development. The increased focus of Pillar Two and various jurisdictions enacting new tax laws could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition. The impact of this tax will depend on our facts in each year, anticipated guidance from the U. S. Department of the Treasury, and other developing global tax legislation. We will continue to monitor the impact of Pillar Two among the jurisdictions where we operate, and Pillar Two legislation has been adopted.** Additional changes in the U. S. tax regime or in how U. S. multinational corporations are taxed on foreign earnings, including changes in how existing tax laws are interpreted or enforced, could adversely affect our business, financial condition or results of operations. We cannot predict the outcome of any specific legislative proposals or amendments to existing treaties. Since we operate or have operations in a number of foreign jurisdictions, our plans for expansion or our results of operations in such jurisdictions could be adversely affected if adopted proposals resulted in an increase in our tax burden, costs of our tax compliance or otherwise adversely affected our results of operations and cash flows. There are no assurances that we will be able to implement effective tax planning strategies to optimize our tax position following changes in tax laws globally. Our effective tax rate and our results of operations may be impacted by any changes in tax laws. In addition, we are subject to periodic examination of our income tax returns by the IRS and other tax authorities around the world. There can be no assurance that the outcomes from these examinations will not have an adverse effect on our provision for income taxes and cash tax liability. If our favorable tax treatment is overturned, we may be subject to significant penalties. Several ~~of our~~ **non- US** sites ~~, primarily located in the Philippines,~~ benefit from tax incentives or concessional rates provided by local laws and regulations. ~~Most of our~~ **The Company' s Philippines** sites **are primarily** located within special economic zones ~~in the Philippines~~ benefit from favorable tax treatment provided by registrations with ~~the~~ **Philippine Economic Zone Authority ("** PEZA ~~/~~**") and the Philippine Board of Investment ("** BOI **")** . These benefits vary from site to site and may include income tax holidays **(" ITH")** , reduced income taxes, and ~~reduced~~ VAT **zero rating incentives** ~~. Under the PEZA or BOI registrations, favorable tax treatment~~ for **purchase of goods and services directly related to operations. ITHs are conditional upon the Company meeting** certain **employment and investment thresholds. Two** of our registered sites ~~have~~ **operate under ITH regime. The first site is a new site that has been granted an ITH in March 2023 and will expire in March 2028. The ITH for the second site** expired **in November 2022** ~~, but may be renewed for subsequent periods provided we meet certain criteria for NFEE~~ and ~~CELR~~ **was retroactively extended through November 2023** . ~~The income tax holiday~~ **This is the only remaining site qualified** for one **more year** of **ITH extension through November 2024. We continue to engage with PEZA** ~~our~~ - **or BOI to meet the necessary criteria and have filed for extension application for the second site. The rest of the** sites **registered under PEZA or BOI operate under the** ~~expired in July 2019 and was retro- actively extended through July 2021. This site has since been granted~~ reduced income tax **rates regime** ~~incentives of 5 % of gross income until April 2031~~ . The ~~income~~ **Company' s operations under** tax ~~holiday~~ **holidays in the Philippines were effective** ~~for a second site expired December 2020, and was retro- actively extended~~ through December **31,** ~~2021~~ **2023** ~~. This~~ **, and may be extended for certain** ~~site~~ **sites** ~~has since been granted~~ **, if certain additional requirements are satisfied. The Company is also subject to** reduced income tax ~~incentives~~ **rates after the lapse** of **the** ~~5 % of gross income until April 2031. The~~ income tax ~~holiday~~ **holidays** ~~for a third site expired in September 2020, and was retro- actively extended through September 2022~~ . ~~This site has since been granted~~ **The impact of these tax holidays and** reduced income tax **rates** ~~incentives of 5 % of gross income until April 2031. The income tax holiday for a fourth site ended in November 2022, and was extended until November 2023. We continue to engage with PEZA or BOI in order to meet the necessary criteria for favorable tax treatment and will file the extension applications before each respective due date. The favorable tax treatment under PEZA or BOI registrations~~ decreased total foreign taxes by $ ~~6~~ **5** . ~~1~~ **2** million and $ 6. ~~7~~ **1** million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. ~~More generally~~ **For India** , **the Company is entitled to an additional tax deduction under Sec 80JJAA equal to 30 % of additional employee costs incurred in the course of business in the previous year for three assessment years. In**

Mexico, for the years 2022 and 2023, the Company applied for Fiscal Stimulus for the Northern Border Region, a tax credit equivalent to one- third of the income tax incurred in a taxable year. This reduces the tax rate from 30 % to 10 % and may be applied until the taxable year 2024. In 2022, by hiring older people and with disabilities, a deduction to taxable income is applicable up to the amount equivalent to 25 % of the salary paid to these hires. For Croatia, the Company is entitled to a tax credit of 50 % of its corporate income tax liability. This incentive is contingent on maintaining specified local employment and asset expenditures. ~~future~~ **Future** changes in either tax incentives or concessional rates provided by local laws and regulations could require us to pay significant tax liabilities, and we may not have the available cash or borrowing capacity to make the payments, which could materially impair our ability to conduct our business. Risks Related to Finance and Accounting Our profitability will suffer if we are not able to maintain asset utilization levels, price appropriately and control our costs. Our profitability is largely a function of the efficiency with which we utilize our assets, particularly our people and sites, and the pricing that we are able to obtain for our solutions. Our utilization rates are affected by a number of factors, including our ability to transition employees from completed projects to new assignments, hire and assimilate new employees, forecast demand for our services and solutions and thereby maintain an appropriate headcount in each of our locations and geographies, manage attrition, accommodate our clients' requests to shift the mix of delivery locations during the pendency of a contract, and manage resources for training, professional development and other typically non- billable activities. In addition, we rely in part on our clients' own forecasts when we forecast demand for our services and solutions, and we have in the past experienced, and may in the future experience, substantial variation from these forecasts in our clients' actual demand. If we are unable to manage our asset utilization levels, there could be a material adverse effect on our business, financial condition and results of operations. The pricing of our services and solutions is usually included in statements of work entered into with our clients. We may not accurately price certain contracts to reflect the true cost of providing services. In certain cases, we have committed to pricing with limited to no sharing of risks regarding inflation and currency exchange rates. In addition, we are obligated under some of our contracts to deliver productivity benefits to our clients, such as reduction in handle time or response time. Our profitability is also a function of our ability to control our costs and improve our efficiency. As we increase the number of our employees and grow our business, we may not be able to manage a significantly larger and more geographically diverse workforce and our profitability may suffer. Our cost management strategies also include improving the alignment between the demand for our services and our resource capacity, including our contact center utilization; the costs of service delivery; the cost of sales and general and administrative costs as a percentage of revenues; and the use of process automation for standard operating tasks. If we fail to accurately estimate future wage inflation rates, unhedged currency exchange rates or our costs, or if we fail to accurately estimate the productivity benefits we can achieve under a contract, it could have a material adverse effect on our business, financial condition and results of operations. If we are not effective in managing our operating and administrative costs in response to changes in demand and pricing for our services, or if we are unable to absorb or pass on to our clients the increases in our costs of operations, our results of operations could be materially adversely affected. Our operating results may fluctuate from quarter to quarter due to various factors. Our operating results may vary significantly from one quarter to the next and our business may be impacted by factors such as client loss, the timing of new contracts and of new service or solution offerings, termination of existing contracts, variations in the volume of business from clients resulting from changes in our clients' operations, the business decisions of our clients regarding the use of our solutions, start- up costs, delays or difficulties in expanding our operating sites and infrastructure, delays or difficulties in recruiting, changes to our revenue mix or to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, currency fluctuation and seasonal changes in the operations of our clients. The financial benefit of gaining a new client may not be recognized at the intended time due to delays in the implementation of our solutions or negatively impacted due to an increase in the start- up costs. These factors may cause differences in revenues and income among the various quarters of any financial year, which means that the individual quarters of a year may not be predictive of our financial results in any other period. Portions of our business have long sales cycles and long implementation cycles, which require significant resources and working capital. Due to the nature of our business, our sales cycles often require a significant investment of capital, resources and time to allow us to educate potential clients on the value of our services and solutions and assess the feasibility of integrating our systems and processes with theirs. As a result, our selling cycle, which may continue for multiple years, is subject to many risks and delays over which we have little or no control, including our clients' decisions to choose alternatives to our solutions and timing of budget cycles and approval processes. In addition, implementing our services and solutions involves a significant commitment of resources over an extended period. Our clients may also experience delays in obtaining internal approvals or delays associated with technology or system implementations, thereby further delaying the implementation process. If we fail to close sales with potential clients to whom we have devoted significant time and resources, or if our current and future clients are not willing or able to invest the time and resources necessary to implement our services and solutions, our business, financial condition, results of operations and prospects could suffer. If we are unable to timely and effectively collect on billed and unbilled receivables from clients, our cash flows and results of operations may be adversely affected. Our business depends on our ability to timely and effectively bill and collect payment from our clients. We typically bill and collect on relatively short cycles. We maintain provisions against receivables. Actual losses on client balances could differ from those that we currently anticipate and, as a result, we may need to adjust our provisions. In addition, our assessment of the creditworthiness of our clients may differ from the actual creditworthiness of those clients at the time of such assessment. Macroeconomic conditions have caused financial difficulties for some of our clients and could result in financial difficulties for other clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions have caused some clients and could cause other clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables balance. Timely collection of fees for client services depends on our ability to complete our contractual commitments and subsequently effectively bill for and collect our contractual service fees. In addition, if we experience an increase in the time required to bill and collect for our services or if our clients are delayed in making payments or stop payments altogether, our cash flows could be adversely affected, which in turn could adversely affect our ability to make necessary investments and, therefore, could affect our results of operations. We are exposed to adverse changes in our clients' payment policies. If our clients implement policies which extend the payment terms of our invoices, our working capital levels could be adversely affected and our financing costs may increase. If we are unable to fund our working capital requirements, access financing at competitive rates or make investments to meet the expanding business of our existing and potential new clients, our business, financial condition, results of operations and prospects could be adversely affected. During weak economic periods, there is an increased risk that our clients will file for bankruptcy protection, which may harm our revenue, profitability, and results of operations. For example, in connection with the COVID- 19 pandemic, certain of our former clients filed for bankruptcy protection under the U. S. Bankruptcy Code. Although we filed claims for payment of amounts we are owed in these cases, we may not ultimately recover amounts owed. We also face risk from international clients that file for bankruptcy protection in foreign jurisdictions, particularly given that the application of foreign bankruptcy laws may be more difficult to predict. In addition, we may determine that the cost of pursuing any creditor claim outweighs the recovery potential of such claim. As a result, increases in client bankruptcy during weak economic periods could adversely affect our business, financial condition, results of operations, and cash flows. We are subject to risks associated with our incurrence of debt. **The** ~~On September 7, 2022, the~~ Company **is party to the** ~~entered into a credit agreement with both new and existing lenders which amended and restated our 2019 Credit Agreement. The~~ 2022 Credit Agreement ~~includes a $ 270. 0 million term loan and a $ 190. 0 million credit facility~~ (~~each~~ as defined in **Part II, Item 7** " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness ") ~~. The 2022 Credit Facilities (as defined in " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness ") mature on September 7, 2027. Further, an~~ **and may incur additional debt. An** increase to our level of indebtedness could: • require us to dedicate an increased portion of our cash flow from operations to payments on our indebtedness, which could reduce the availability of cash flow to fund acquisitions, start- ups, working capital, capital expenditures and other general corporate purposes; • limit our ability to borrow money or sell stock for working capital, capital expenditures, debt service requirements and other purposes; • limit our flexibility in planning for, and reacting to, changes in our industry or business; • make us more vulnerable to unfavorable economic or business conditions; and • limit our ability to make acquisitions or take advantage of other business opportunities. In the event we incur additional indebtedness, the risks described above could increase. In addition, the interest rate on our 2022 Credit Facilities is variable. An increase in the variable rate used to determine the interest we are required to pay could have a material adverse effect on our business, financial condition, results of operations and prospects. See Part II, Item 7A, in this Annual Report, " Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk. " Our ability to raise additional capital through traditional means may be limited or impractical, causing us to seek funds through other types of financing, including private or public equity or debt offerings, which may result in dilution and harm our business and our ability to compete. We may require additional capital to fund our operations and future growth, which may not be available to us on acceptable terms and on a timely basis, if at all. We may seek funds through borrowings or other financing, including private or public equity or debt offerings. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, financial condition and results of operations could be materially adversely affected. In addition, as a condition to providing additional funds to us, future investors may demand, and may be granted, rights superior to those of existing stockholders. Debt financing, if available, is likely to involve restrictive covenants limiting our flexibility in conducting future business activities, and, in the event of insolvency, debt holders would be repaid before holders of our equity securities receive any distribution of our corporate assets. We also could be required to seek funds through arrangements with partners or others that may require us to relinquish rights or jointly own some aspects of our technologies or products that we would otherwise pursue on our own. We track certain operational metrics with internal systems and tools and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We track certain operational metrics, including key metrics such as net revenue retention rate, cNPS, eNPS, win rate and seat turn, with internal systems and tools that are not independently verified by any third party and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, or if survey respondents are uncertain as to the confidentiality of their responses, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges and uncertainties in measuring these metrics. In addition, some of these metrics, such as win rate, are expected to fluctuate significantly from period to period based on timing of one or more client purchase decisions or other factors, which makes it difficult for us to accurately predict such metrics for any future period. Furthermore, we calculate our win rate on the basis of the total estimated annual revenue value for " won " and " lost " opportunities, which requires us to make judgments about the expected future revenue value of our client contracts at the time of such contracts, as well as the expected future revenue value of opportunities closed as " lost. " These estimates for our " won " opportunities are not updated based on events that occur subsequent to entering into such contracts and do not account for the possibility that our clients may terminate such contracts for convenience with advance notice or reduce their use of our solutions. Limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long- term strategies. If our operating metrics are not accurate representations of our business, or if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our operating and financial results could be adversely affected. Our operating metrics are not necessarily indicative of the historical performance of our business or the results that may be expected for any future period. Our sites operate on leasehold property, and our inability to renew our leases on commercially acceptable terms or at all may adversely affect our results of operations. Our sites operate on leasehold property. Our leases are subject to renewal and we may be unable to renew such leases on commercially acceptable terms or at all. Our inability to renew our leases, or a renewal of our leases with a rental rate higher than the prevailing rate under the applicable lease prior to expiration, may cause an increase in operating costs and, in the in the event of non- renewal of our leases, may cause delays in relocation that could lead to a disruption in our operations. Risks Related to Ownership of our Class A Common Stock Our Sponsor and our Co- Founders control us and their interests may conflict with ours or yours in the future. Our Sponsor and our Co- Founders beneficially owned approximately ~~96~~ **97** . ~~3~~ **6** % of the combined voting power of our Class A common stock and Class B common stock as of December 31, ~~2022~~ **2023** . Moreover, we nominated to our board of directors individuals designated by our Sponsor and our Co- Founders in accordance with the stockholders agreement we entered into in connection with our IPO. Our Sponsor and our Co- Founders retained the right to designate directors subject to the maintenance of certain ownership requirements in the Company. Even when our Sponsor and our Co- Founders cease to own shares of our stock representing a majority of the total voting power, for so long as our Sponsor and our Co- Founders continue to own a significant percentage of our stock, they will still be able to significantly influence or effectively control the composition of our board of directors and the approval of actions requiring stockholder approval through their voting power. Accordingly, for such period of time, our Sponsor and our Co- Founders will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as our Sponsor continues to own a significant percentage of our stock, our Sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of our company and ultimately might affect the market price of our Class A common stock. 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 IPO, and it may depress the trading price of our Class A common stock. Our Class A common stock has one vote per share and our Class B common stock has ten votes per share. Our Sponsor and our Co- Founders held in the aggregate ~~96~~ **97** . ~~3~~ **6** % of the combined voting power of our Class A common stock and our Class B common stock as of December 31, ~~2022~~ **2023** . Because of the ten- to- one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9. 1 % of all outstanding shares of our Class A and Class B common stock. Each share of our Class B common stock may be convertible into one share of our Class A common stock at any time and will convert automatically upon certain transfers and upon the earlier of (i) June 10, 2028 and (ii) (x) with respect to our Sponsor, the first date on which the aggregate number of outstanding shares of our Class B common stock held by our Sponsor ceases to represent at least 5. 0 % of the aggregate number of our outstanding shares of common stock and (y) with respect to each Co- Founder, the first date on which the aggregate number of shares of our Class B common stock held by such Co- Founder ceases to represent at least 5. 0 % of the aggregate number of our outstanding shares of common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. Future transfers or sales by holders of Class B common stock will generally result in those shares converting to Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation, including transfers effected for estate planning purposes where sole dispositive power and exclusive voting control with respect to the shares of Class B common stock is retained by the transferring holder. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those individual holders of Class B common stock who retain their shares in the long term. In addition, we cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity or other adverse consequences. Certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indices. ~~For example, S & P Dow Jones has stated that companies with multiple share classes will not be eligible for inclusion in the S & P Composite 1500 (composed of the S & P 500, S & P MidCap 400 and S & P SmallCap 600), although existing index constituents in July 2017 were grandfathered.~~ Under the announced policies, our dual class capital structure would make us ineligible for inclusion in **certain** ~~any of these~~ indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be materially adversely affected. Our amended and restated certificate of incorporation does not limit the ability of our Sponsor to compete with us, and our Sponsor may have investments in businesses whose interests conflict with ours. Our Sponsor and its affiliates engage in a broad spectrum of activities, including investments in the businesses that may compete with us. In the ordinary course of their business activities, our Sponsor and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. Our amended and restated certificate of incorporation provides that none of our Sponsor, any of its affiliates or any director who is not employed by us (including any non- employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates has any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Our Sponsor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, our Sponsor may have an interest in our pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to us and our stockholders. We are a " controlled company " within the meaning of ~~the~~ **Nasdaq** rules ~~of Nasdaq~~ and, as a result, **we** qualify for ~~, and intend to rely on,~~ exemptions from certain corporate governance requirements. ~~You~~ **To the extent we choose to rely on such exemptions, you** will not have the same protections afforded to stockholders of companies that are subject to such requirements. Our Sponsor and our Co- Founders are parties to a stockholders agreement and **, as of the date of this Annual Report,** beneficially own approximately ~~96~~ **97** . ~~3~~ **6** % of the combined voting power of all classes of our stock entitled to vote generally in the election of directors. As a result, we are a " controlled company " within the meaning of ~~the~~ **Nasdaq** corporate governance standards ~~of Nasdaq~~ . Under these ~~rules~~ **corporate governance standards** , a company of which more than 50 % of the voting power in the election of directors is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain corporate governance requirements. For example, controlled companies ~~, within one year of the date of the listing of their Class A common stock~~ : • are not required to have a board of directors that is composed of a majority of " independent directors, " as defined under ~~the~~ Nasdaq rules; • are not required to have a compensation committee that is composed entirely of independent directors; and • are not required to have director nominations be made, or recommended to the full board of directors, by our independent directors or by a nominations committee that is composed entirely of independent directors. ~~Accordingly~~ **To the extent we choose to rely on these corporate governance exemptions** , you ~~may~~ **will** not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq. We are an " emerging growth company, " and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors. We are an " emerging growth company " as defined in the Jumpstart Our Business Startups Act of 2012 (the " JOBS Act "). We will remain an " emerging growth company " until the earliest to occur of: • the last day of the fiscal year during which our total annual revenue equals or exceeds $ 1. 235 billion (subject to adjustment for inflation); • the last day of the fiscal year following the fifth anniversary of our IPO; • the date on which we have, during the previous three- year period, issued more than $ 1 billion in non- convertible debt; or • the date on which we are deemed to be a " large accelerated filer " under the Exchange Act. We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Investors may find our Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our per share trading price may be materially adversely affected and more volatile. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective internal control over financial reporting could adversely affect the results of annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq. If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our Class A common stock, our stock price and trading volume could decline. The trading market for our Class A common stock **is** ~~will be~~ influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common stock price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our Class A common stock price or trading volume to decline and our Class A common stock to be less liquid. **Our** ~~If our~~ operating and financial performance **has at times** in ~~any given period does not~~ **the past, and may again in the future, fail to** meet ~~any~~ guidance that we provide to the public, **which has caused and may in the future cause** the market price of our Class A common stock ~~may~~ **to** decline. We **have in the past and** may, but are not obligated to, **continue to** provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward- looking statements subject to the risks and uncertainties described in this **Annual** ~~report~~ **Report** and in our other public filings and public statements. ~~Our~~ **At times our** actual results **have not, and** may **in the future** not always be **,** in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our Class A common stock may decline. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future. 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. The market price of our Class A common stock has fluctuated significantly in response to numerous factors and may continue to be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our Class A common stock regardless of our operating performance. In addition, our operating results may fail to match our past performance and could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, any decision by significant clients to terminate or reduce our services (including failure to renew their contracts with us), additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, the performance of direct and indirect competitors, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about the industries we participate in or individual scandals. In addition, the market price of shares of our Class A common stock has in the past, and could in the future, be subject to additional volatility or decrease significantly, as a result of speculation in the press or the investment community about our industry or our company, including, as a result of short sellers who publish, or arrange for the publication of, opinions or characterizations of our business prospects or similar matters calculated to create negative market momentum in order to profit from a decline in the market price of our Class A common stock. Stock markets and the price of our Class A shares have, and may in the future, experience extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company' s securities, including as a result of reports published by short sellers, securities class action litigation has often been instituted against these companies. Such litigation, that has or may in the future be instituted against us, as well as responding to reports published by short sellers or other speculation in the press or the investment community, **has and** could result in substantial costs and a diversion of our management' s attention and resources. Because we have no current plans to pay cash dividends on our common stock, you may not receive any return on your investment unless you sell your Class A common stock for a price greater than that which you paid for it. We have no current plans to pay cash dividends. The declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by our existing indebtedness and may be limited by covenants of other indebtedness we or our subsidiaries incur in the future. As a result, you may not receive any return on an investment in our Class A common stock unless you sell your shares of our Class A common stock for a price greater than that which you paid for them. You may be diluted by the future issuance of additional Class A common stock or Class B common stock in connection with our incentive plans, acquisitions or otherwise. As of December 31, ~~2022~~ **2023** we had approximately 2, ~~470~~ **469** , ~~742~~ **477** , 000 shares of Class A common stock and approximately 179, 967, 000 shares of Class B common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of Class A and Class B common stock and options, rights, warrants and appreciation rights relating to Class A and Class B common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. As of December 31, ~~2022~~ **2023** , we had 7, ~~723~~ **523** , ~~711~~ **971** shares of Class A common stock issuable in respect of outstanding stock options granted under the 2019 Stock Incentive Plan and the 2021 Omnibus Incentive Plan with a weighted average exercise price of $ ~~12~~ **14** . ~~98~~ **19** per share. We also had 7, ~~268~~ **237** , ~~641~~ **736** shares of Class A common stock issuable in respect of outstanding restricted stock units, including awards with market conditions, granted under the 2021 Omnibus Incentive Plan. Additionally, we have ~~9~~ **7** , ~~132~~ **371** , ~~323~~ **346** shares of Class A common stock available for grant under our **2021** Omnibus Incentive Plan. Further, we have reserved 5, 000, 000 shares of Class A common stock under our Employee Stock Purchase Plan, approved by the stockholders **in** ~~on June 14,~~ 2022. Any Class A or Class B common stock that we issue, including under **current** ~~our~~ **or future** ~~Omnibus Incentive Plan or other~~ equity incentive plans ~~that we may adopt in the future~~ , would dilute the percentage ownership held by the investors who purchase Class A common stock. We may issue preferred stock whose terms could materially adversely affect the voting power or value of our Class A common stock. Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock. If we or our pre- IPO owners sell additional shares of our Class A common stock or Class B common stock or are perceived by the public markets as intending to sell them, the market price of our Class A common stock could decline. The sale of substantial amounts of shares of our Class A common stock or Class B common stock in the public or private markets, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for you to sell your Class A common stock in the future at a time and at a price that you deem appropriate, if at all. In addition, we have filed a registration statement on Form S- 8 under the Securities Act to register shares of our Class A common stock **issuable in respect** ~~or securities convertible into or exchangeable for shares~~ of **equity awards** ~~our Class A common stock~~ issued pursuant to our 2019 Stock Incentive Plan and our **2021** Omnibus Incentive Plan **and in the future, we may file additional Form S- 8s to cover additional equity awards** . Shares registered under such registration ~~statement~~ **statements** will be available for sale in the open market ~~. Our initial registration statement on Form S- 8 covered 26, 372, 781 shares of our Class A common stock~~ . We have, and in the future, may also issue our securities in connection with investments or acquisitions. The amount of shares of our Class A common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding shares of Class A common stock. As restrictions on resale end, the market price of our shares of Class A common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of Class A common stock or other securities or to use our shares of Class A common stock as consideration for acquisitions of other businesses, investments or other corporate purposes. Anti- takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions: • provide that our board of directors will be divided into three classes, as nearly equal in size as possible, with directors in each class serving three- year terms and with terms of the directors of only one class expiring in any given year; • provide for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2 / 3 % in voting power of the outstanding shares of our capital stock entitled to vote, if the parties to our stockholders agreement and their affiliates cease to beneficially own less than 30 % of the total voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors and provide that specified directors designated pursuant to the stockholders agreement may not be removed without cause without the consent of the specified designating party; • our dual class common stock structure, which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock; • provide that, subject to the rights of the holders of any preferred stock and the rights granted pursuant to the stockholders agreement, vacancies and newly created directorships may be filled only by the remaining directors, if the parties to our stockholders agreement and their affiliates cease to beneficially own less than 30 % of the total voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors; • would allow us to authorize the issuance of shares of one or more series of preferred stock, including in connection with a stockholder rights plan, financing transactions or otherwise, the terms of which series may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • prohibit stockholder action by written consent from and after the date on which the parties to our stockholders agreement and their affiliates cease to beneficially own at least 30 % of the total voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors and require the consent of our Sponsor in any action by written consent; • provide for certain limitations on convening special stockholder meetings; • provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 66 2 / 3 % or more of all of the outstanding shares of our capital stock entitled to vote, if the parties to our stockholders agreement and their affiliates beneficially own less than 30 % of the total voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors; ~~and~~ • provide that certain provisions of our amended and restated certificate of incorporation may be amended only by the affirmative vote of the holders of at least 66 2 / 3 % in voting power of the outstanding shares of our capital stock entitled to vote thereon, if the parties to our stockholders agreement and their affiliates cease to beneficially own less than 30 % of the total voting power of all then outstanding shares of our capital stock entitled to vote generally in the election of directors; • establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings; and • provide that, subject to the rights of holders of any preferred stock and the terms of our stockholders agreement, the total number of directors shall be determined exclusively by resolution adopted by the board. We have opted out of Section 203 of the General Corporation Law of the State of Delaware (the " DGCL "); however, our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain " business combinations " with any " interested stockholder " for a three- year period following the time that the stockholder became an interested stockholder, unless the transaction fits within an enumerated exception, such as board approval of the business combination or the transaction that resulted in such stockholder becoming an interested stockholder. Our amended and restated certificate of incorporation provides that our Sponsor and its affiliates, and any of their respective direct or indirect transferees, and any group as to which such persons are a party, do not constitute " interested stockholders " for purposes of this provision. These anti- takeover provisions and other provisions under our amended and restated certificate of incorporation, amended and restated ~~by laws~~ **bylaws** or Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our Class A common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and the federal district courts of the United States of America as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company or the Company' s directors, officers or other employees. Our amended and restated certificate of incorporation provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (1) derivative action or proceeding brought on behalf of our Company, (2) action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or stockholder of our Company to the Company or the Company' s stockholders, (3) action asserting a claim against the Company or any current or former director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws, or (4) action asserting a claim against us or any current or former director or officer of the Company governed by the internal affairs doctrine. Our amended and restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the federal securities laws of the United States of America. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have provided consent to the forum provisions in our amended and restated certificate of incorporation. These choice- of- forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable or convenient for disputes with the Company or the Company' s directors, officers, other employees or stockholders, which may discourage such lawsuits. However, we note that there is uncertainty as to whether a court would enforce our forum selection provisions and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find these provisions of our amended and restated certificate of incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.