

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K**

(Mark one)

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended  
December 31, 2023
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-15169

**PERFICIENT, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

**No. 74-2853258**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**555 Maryville University Drive, Suite 600  
Saint Louis, Missouri 63141**

(Address of principal executive offices)

**(314) 529-3600**

(Registrant's telephone number, including area code)

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

| Title of each class             | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------|-------------------|---|
| Common Stock, \$0.001 par value | PRFT              | The Nasdaq Global Select Market           |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes   
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes   
No

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting stock held by non-affiliates of the Company was approximately \$2,834,322,828 based on the last reported sale price of the Company's common stock on The Nasdaq Global Select Market on June 30, 2023.

As of February 15, 2024, there were 34,960,415 shares of common stock outstanding.

Portions of the definitive proxy statement to be used in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than April 29, 2024, are incorporated by reference in Part III of this Form 10-K.

## TABLE OF CONTENTS

### PART I

|                          |                            |    |
|--------------------------|----------------------------|----|
| <a href="#">Item 1.</a>  | Business.                  | 2  |
| <a href="#">Item 1A.</a> | Risk Factors.              | 7  |
| <a href="#">Item 1B.</a> | Unresolved Staff Comments. | 19 |
| <a href="#">Item 1C.</a> | Cybersecurity              | 19 |
| <a href="#">Item 2.</a>  | Properties.                | 19 |
| <a href="#">Item 3.</a>  | Legal Proceedings.         | 19 |
| <a href="#">Item 4.</a>  | Mine Safety Disclosures.   | 20 |

### PART II

|                          |   |    |
|--------------------------|---|----|
| <a href="#">Item 5.</a>  | Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. | 21 |
| <a href="#">Item 6.</a>  | [Reserved]  | 23 |
| <a href="#">Item 7.</a>  | Management’s Discussion and Analysis of Financial Condition and Results of Operations.                        | 23 |
| <a href="#">Item 7A.</a> | Quantitative and Qualitative Disclosures About Market Risk.   | 31 |
| <a href="#">Item 8.</a>  | Financial Statements and Supplementary Data.  | 33 |
| <a href="#">Item 9.</a>  | Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.                         | 65 |
| <a href="#">Item 9A.</a> | Controls and Procedures.  | 65 |
| <a href="#">Item 9B.</a> | Other Information.  | 65 |
| <a href="#">Item 9C.</a> | Disclosure Regarding Foreign Jurisdictions That Prevent Inspection.   | 65 |

### PART III

|                          |   |    |
|--------------------------|---|----|
| <a href="#">Item 10.</a> | Directors, Executive Officers and Corporate Governance.   | 66 |
| <a href="#">Item 11.</a> | Executive Compensation.   | 67 |
| <a href="#">Item 12.</a> | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. | 67 |
| <a href="#">Item 13.</a> | Certain Relationships and Related Transactions, and Director Independence.                      | 67 |
| <a href="#">Item 14.</a> | Principal Accounting Fees and Services.   | 67 |

### PART IV

|                          |  |    |
|--------------------------|--|----|
| <a href="#">Item 15.</a> | Exhibits, Financial Statement Schedules. | 69 |
| <a href="#">Item 16.</a> | Form 10-K Summary.                       | 69 |

## PART I

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on this Form 10-K (“Form 10-K”) are not purely historical statements, discuss future expectations, contain projections of results of operations or financial condition, or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The “forward-looking” information is based on various factors and was derived using numerous assumptions. In some cases, you can identify these so-called forward-looking statements by words like “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of those words and other comparable words. You should be aware that those statements only reflect our predictions and are subject to risks and uncertainties. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements include (but are not limited to) the following:

- (1) the impact of the general economy and economic and political uncertainty on our business;
- (2) risks associated with potential changes to U.S. and foreign laws, regulations, and policies;
- (3) risks associated with the operation of our business generally, including:
  - a. client demand for our services and solutions;
  - b. effectively competing in a highly competitive market;
  - c. risks from international operations including fluctuations in exchange rates;
  - d. adapting to changes in technologies and offerings;
  - e. ongoing transition of our executive leadership team;
  - f. obtaining favorable pricing to reflect services provided;
  - g. risk of loss of one or more significant software vendors;
  - h. maintaining a balance of our supply of skills and resources with client demand;
  - i. changes to immigration policies;
  - j. protecting our clients’ and our data and information;
  - k. changes to tax levels, audits, investigations, tax laws or their interpretation;
  - l. making appropriate estimates and assumptions in connection with preparing our consolidated financial statements; and
  - m. maintaining effective internal controls;
- (4) risks associated with managing growth organically and through acquisitions;
- (5) risks associated with servicing our debt, the potential impact on the value of our common stock from the conditional conversion features of our debt and the associated convertible note hedge transactions;
- (6) legal liabilities, including intellectual property protection and infringement or the disclosure of personally identifiable information; and
- (7) the risks detailed from time to time within our filings with the Securities and Exchange Commission (the “SEC”).

This discussion is not exhaustive, but is designed to highlight important factors that may impact our forward-looking statements. Because the factors referred to above, as well as the statements included under the heading “Risk Factors” in this Annual Report on Form 10-K, including documents incorporated by reference therein and herein, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement made by us or on our behalf, you should not place undue reliance on any forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to update any of the forward-looking statements after the date of this Annual Report on Form 10-K to conform such statements to actual results.

All forward-looking statements, express or implied, included in this report and the documents we incorporate by reference and that are attributable to Perficient, Inc. and its subsidiaries (collectively, “we,” “us,” “Perficient,” or the “Company”) are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that the Company or any persons acting on our behalf may issue.

## **Item 1. Business.**

### **Overview**

Perficient is a global digital consultancy transforming how the world's biggest brands connect with customers and grow their businesses. Our work enables clients to deliver experiences that surpass customer expectations; become more human-centered, authentic, and trusted; innovate through digital technologies; outpace competition; grow and strengthen relationships with customers, suppliers, and partners; and reduce costs.

To articulate the full scope of our capabilities to clients and prospects, we go to market with six primary service categories:

- Strategy and Transformation;
- Data and Intelligence;
- Platforms and Technology;
- Customer Experience and Digital Marketing;
- Innovation and Product Development; and
- Optimized Global Delivery.

Together, these service categories showcase our full end-to-end digital solutions. Individually, each demonstrates our specialized capabilities. Within each category, and collectively, we deliver a deep and broad portfolio of solutions that enable our clients to operate a real-time enterprise that dynamically adapts business processes and the systems that support them to meet the changing demands of a global, digital-driven, and competitive marketplace.

Our experience in developing and delivering solutions for our clients gives us domain expertise that differentiates our firm. We use project teams that deliver high-value, measurable results by working collaboratively with clients and their partners through a user-centered, technology-based, and business-driven solutions methodology. We believe this approach enhances return on investment for our clients by reducing the time and risk associated with designing and implementing technology solutions.

We serve our Global 2000 and other large enterprise clients from locations in multiple markets throughout North America and through domestic and global delivery centers and by leveraging an experienced sales team that is connected through a common service portfolio, sales process, and performance management system. Our sales process utilizes project pursuit teams that include those colleagues best suited to address a particular prospective client's needs. Our primary target client base includes companies in North America with annual revenues in excess of one billion dollars. We believe this market segment can generate the repeat business that is a fundamental part of our growth plan. We primarily pursue solution opportunities where our domain expertise and delivery track record give us a competitive advantage.

In 2023, we continued to implement a strategy focused on:

- expanding our relationships with existing and new clients;
- strengthening our multi-shore delivery capabilities by entering into an agreement in October to acquire SMEDIX, Inc. ("SMEDIX"), an approximately \$12 million revenue healthcare software engineering firm headquartered in San Diego, California, with offshore operations located in Cluj-Napoca, Romania with the acquisition closing in January 2024;
- delivering solutions primarily via thousands of skilled strategists and technologists in the U.S., Latin America, and India; and
- leveraging our existing (and pursuing new) strategic alliances by targeting leading business advisory companies and technology providers.

Our multi-shore, fully integrated global delivery approach continues to be a key driver of growth and a compelling differentiator in the market.

Approximately 96%, 97%, and 97% of our revenues were derived from clients in the United States during the years ended December 31, 2023, 2022, and 2021, respectively.

## Our Solutions

We provide services primarily to the healthcare (including pharma and life sciences), financial services (including banking and insurance), manufacturing, automotive, communications, media and technology, consumer markets, and energy and utilities markets.

We help clients gain competitive advantage by using digital technology to: make their businesses more responsive to market opportunities; strengthen relationships with customers, suppliers, and partners; improve productivity; and reduce information technology costs. Through our end-to-end digital offerings, we drive alignment and balance between our clients' brand customer experiences and their business operations. Through our digital consulting services, we partner with our clients to bring faster speed-to-market capabilities and stronger, more compelling experiences for consumers.

Our solutions enable clients to, among other things:

- give managers and executives the information they need to make quality business decisions and dynamically adapt their business processes and systems to respond to client demands, market opportunities, or business problems;
- improve the quality and lower the cost of customer acquisition and care through web-based customer self-service and provisioning;
- reduce supply chain costs and improve logistics by flexibly and quickly integrating processes and systems and making relevant real-time information and applications available online to suppliers, partners, and distributors;
- increase the effectiveness and value of legacy enterprise technology infrastructure investments by enabling faster application development and deployment, increased flexibility, and lower management costs;
- deliver compelling and engaging customer experiences, helping brands acquire and retain their customers; and
- enhance employee productivity through better information flow and collaboration capabilities and by automating routine processes to facilitate focus on unique problems and opportunities.

We deliver a robust portfolio of solution offerings that are grouped under six primary solution areas:

- *Strategy and Transformation.* We create strategic visioning and roadmaps that empower our clients to compete more effectively and operate more efficiently to outpace their competition. We do this by providing solutions in digital strategy, technology strategy, business velocity and growth, and organizational change management.
- *Data and Intelligence.* We empower clients to understand and navigate their vast amounts of digital data in order to make smarter, more-informed business solutions and navigate the digital data ecosystem with offerings in analytics, artificial intelligence and machine learning, big data, business intelligence, and custom product portfolios.
- *Platforms and Technology.* We help our clients integrate and optimize systems and processes, and leverage the right tools to enhance productivity, reduce costs, and improve digital experiences. We do this by providing expertise across a broad spectrum of solutions and services that include blockchain, cloud, commerce, corporate performance management, customer relationship management, content management systems, customer experience platforms, custom application development, DevOps, enterprise resource planning, integration and APIs, intelligent automation, Internet of Things, mobile, portals and collaboration, supply chain, product information management, and order management systems.
- *Customer Experience and Digital Marketing.* We create meaningful connections across every touchpoint to help our clients acquire, engage, and retain customers by providing compelling and engaging customer experiences and targeting customers with powerful messaging. Our services include: analytics, content architecture, conversion rate optimization, creative design, email marketing, journey sciences, paid media, paid search, marketing automation research, SEO services, and social media.
- *Innovation and Product Development.* Our customized solutions are uniquely tailored to each client to help them launch new business lines, capitalize with new products, and enter new markets. These solutions include product development services and a robust suite of proprietary products.
- *Optimized Global Delivery.* Our clients face pressures to innovate quickly while reducing costs to deliver transformative solutions. We help clients scale large, complex projects and manage costs through our fully owned and operated domestic and global delivery centers.

We have developed intellectual property assets, applications, utilities, and products that enable our clients to reduce time to delivery and total cost of ownership. In addition, we sell certain internally developed software packages. These foundational tools include configurable Solution Accelerators and Industry Tools that can be customized to solve specific enterprise challenges. Our Solution Accelerators increase the velocity of solution development across key horizontal disciplines including content management, integration and APIs, business process management, enterprise search, and tax compliance. Our

Industry Tools enable enterprises to address industry-specific business process and workflow challenges. We offer these tools for the healthcare, energy and utilities, financial services, and retail markets. Our strong network of partnerships and cross-platform capabilities enable us to develop and deliver accelerators across a wide spectrum of solution areas and vendor platforms.

## Competitive Strengths

We believe our competitive strengths include:

- *Domain Expertise.* We have developed significant domain expertise in a core set of technology solutions and software platforms. These solutions include custom applications, management consulting, data, analytics, commerce, content management, business integration, customer relationship management, business process management, and platform implementations. The platforms with which we have significant domain expertise and on which these solutions are built include Adobe, Appian, AWS, Databricks, Google, HCL Commerce, Informatica, Microsoft, Optimizely, OneStream, Oracle, Salesforce, Sitecore, and Snowflake.
- *Industry Expertise.* We serve many of the world's largest and most-respected brands with extensive business process experience across a variety of markets. These include healthcare (including pharma and life sciences), financial services (including banking and insurance), manufacturing, automotive, communications, media and technology, consumer markets (including retail and consumer goods), and energy and utilities.
- *Delivery Model and Methodology.* Our significant domain expertise enables us to provide high-value solutions through project teams that deliver measurable results by working collaboratively with clients through a user-centered, technology-based, and business-driven solutions methodology. Our methodology includes our proven execution process map that allows for repeatable, high-quality services delivery. The methodology leverages the thought leadership of our senior strategists and practitioners to support the client project team and focuses on transforming our clients' business processes to provide enhanced customer value and operating efficiency. As a result, we are able to offer our clients the dedicated attention that small firms usually provide, combined with the delivery and project management that a larger firm offers.
- *"Instant Insights" Platform.* We leverage our "Instant Insights" platform to capture and react to customer feedback throughout project lifecycles, at scale. Instant Insights automates the solicitation and capturing of confidential customer feedback and disseminates it to the proper leadership and executive teams. This proprietary process and tool enables us to quickly address client concerns and strengthen the customer relationship in the process.
- *Client Relationships.* We have built a track record of quality solutions and client satisfaction through the timely, efficient, and successful completion of numerous projects. As a result, we have established long-term relationships with many clients that continue to engage us for additional projects and serve as references for us. For the years ended December 31, 2023, 2022 and 2021, 92%, 94% and 93%, respectively, of services revenues, excluding any revenues from acquisitions completed in that year, were derived from clients that continued to utilize our services from the prior year.
- *Vendor Relationship and Endorsements.* We have built meaningful relationships with software providers, whose products we use to design and implement solutions for our clients. These relationships enable us to reduce our cost of sales and sales cycle times and increase win rates by leveraging our partners' marketing efforts and endorsements. We also serve as a sales channel for our partners, helping them market and sell their software products.
- *Global Delivery.* In addition to serving our clients from locations in multiple markets throughout the U.S. and Canada, we operate 13 global delivery centers in Asia, Europe and Latin America. These facilities are staffed with colleagues who have specializations that include application and software development, with proven experience in complex, cloud-native product development leveraging cutting-edge software engineering technologies and practices around DevOps, artificial intelligence/machine learning, test automation, UX/UI, commerce, cloud architecture design and implementation, blockchain, analytics, big data/fast data, chatbots and voice recognition system processing, modern scalable platforms, mobile, performance engineering, adapter and interface development, quality assurance and testing, monitoring and support, platform migration, and portal development with expertise in IBM, Microsoft, Oracle, Sitecore, Magento, and other technologies. Our global delivery teams in Asia, Europe and Latin America help our clients lower costs while receiving the highest quality of service. As of December 31, 2023, we had 3,904 colleagues at our global delivery centers in Asia, Europe and Latin America, 3,408 of which were billable. We intend to continue to leverage our existing global capabilities, to support our growth and provide our clients flexible options for project delivery.
- *Global Delivery Recognition.* In 2023, Perficient was recognized as a global consultancy by analyst firms Forrester Research, Gartner, and International Data Corporation ("IDC"), including being named a Major Player in IDC Worldwide MarketScapes for Experience Build and Design Services, listed in the Forrester Research Global Digital Transformation Services Landscape, the IDC Market Analysis Perspective: Worldwide CX Services, 2023 report, and the IDC Market Analysis Perspective: Worldwide Digital Transformation Professional Services, 2023. In addition,

Perficient received the global ISO27001 certification, an internationally known standard for information security management systems (ISMS).

## Competition

The market for the services we provide is competitive and has low barriers to entry. We believe that our competitors fall into several categories, including:

- global consulting firms, such as Accenture, Deloitte Consulting, EPAM Systems, Globant, and Endava;
- in-house professional services organizations of software companies;
- offshore providers, such as Infosys Limited, Cognizant, and Wipro Limited;
- small local consulting firms that operate in no more than one or two geographic regions; and
- boutique consulting firms.

We believe that the principal competitive factors affecting our market include domain expertise, track record and customer references, partner network with leading technology companies, quality of proposed solutions, service quality and performance, efficiency, reliability, scalability and features of the software platforms upon which the solutions are based, and the ability to implement solutions quickly and respond on a timely basis to customer needs. In addition, because of the relatively low barriers to entry into this market, we expect to face additional competition from new entrants. We expect competition from offshore and nearshore outsourcing and development companies to continue.

Some of our competitors have longer operating histories, larger client bases, greater name recognition, and possess significantly greater financial, technical, and marketing resources than we do. As a result, these competitors may be able to attract clients to which we market our services and adapt more quickly to new technologies or evolving customer or industry requirements.

## Human Capital

As of December 31, 2023, we had 6,547 employees, 5,578 of which were billable (excluding 271 billable subcontractors) and 969 of which were involved in sales, administration, and marketing. None of our employees are represented by a collective bargaining agreement, and we have never experienced a strike or similar work stoppage. We are committed to the continued development of our employees.

*Sales and Marketing.* As of December 31, 2023, we had a 191-person direct solutions-oriented sales force. We reward our sales force for developing and maintaining relationships with our clients, seeking follow-up engagements, and leveraging those relationships to forge new relationships in different areas of the business and with our clients' business partners. In addition to our direct sales team, we also had 85 dedicated sales support employees, 34 general managers, six vice-presidents, and five senior vice-presidents who are engaged in our sales and marketing efforts.

We have sales and marketing partnerships with software vendors including Adobe, Appian, AWS, Databricks, Google, HCL Commerce, Informatica, Microsoft, Optimizely, OneStream, Oracle, Salesforce, Sitecore, and Snowflake. These companies are key vendors of open standards-based software commonly referred to as middleware application servers, enterprise application integration platforms, business process management, cloud computing applications, business activity monitoring and business intelligence applications, and enterprise portal server software. Our direct sales force works in tandem with the sales and marketing groups of our partners to identify potential new clients and projects. Our partnerships with these companies enable us to reduce our cost of sales and sales cycle times and increase win rates by leveraging our partners' marketing efforts and endorsements.

*Talent Acquisition.* We are dedicated to hiring, developing, and retaining experienced, motivated technology professionals who combine a depth of understanding of current digital and legacy technologies with the ability to implement complex and cutting-edge solutions. We believe in an employee-centered environment that is built on a culture of respect.

*Diversity and Social Initiatives.* As a global digital consultancy, Perficient's workforce is comprised of 31% women and 76% of our workforce identifies as Asian, Hispanic or Latinx, Black or African American, American Indian or Alaskan Native, or two or more races as of December 31, 2023. We believe our diversity is reflective of our industry in our operating markets. We support our people in making a difference through active involvement in activities that strengthen the community. Our employees' community support includes preparing women for careers in the tech industry through our global Employee Resource Group, Women in Tech, which connects women across the Company, facilitates career growth, and builds a community dedicated to supporting fellow colleagues. In 2021, Perficient also introduced its 'Giving' Employee Resource Group, which inspires philanthropic action and generosity, while capturing and celebrating the time, talent and skills Perficient



and its colleagues commit to helping those in need and making the world a better place. Perficient and its colleagues support a wide variety of initiatives and causes, but we place an emphasis on the priorities of advancing STEM (science, technology, engineering and math) education and improving health and well-being. Additionally, we support our community through Perficient Bright Paths, a program designed to create technology career opportunities for underrepresented constituencies and communities in the United States. Furthermore, in collaboration with the Mark Cuban Foundation, the Company hosted Artificial Intelligence (AI) Bootcamps for high school students about AI fundamentals to increase AI literacy and understanding. In 2023, we launched Perficient's Cultural Connections Employee Resource Group, which allows our colleagues to explore, understand, and advance the cultural differences that help to shape our workforce and perspectives, and aims to cultivate a culture of inclusivity and allyship throughout Perficient around the globe.

*Environmental Initiatives.* We are also committed to protecting the environment and operating our business in a responsible and sustainable manner. To implement this commitment, we have adopted various policies and initiatives. We created a "Perficient Green Team" to identify and implement opportunities for Perficient employees to recycle more, waste less, and support environmentally-focused volunteer opportunities in our communities. Among our accomplishments, we have implemented a green purchasing policy for office supplies, reduced single-use drinkware, established recycling sites throughout our offices, and created informational programs to educate employees on effective ways to recycle. We encourage the reuse, recycling, and upcycling of our end-of-life electronics and computers responsibly in partnership with an external vendor. Additionally, in response to our environmental initiatives, our office in Colombia received the International Organization for Standardization ("ISO") 14000 certification based on a series of environmental management standards, and our office in Somerville, Massachusetts was awarded a LEED Gold certificate by the U.S. Green Building Council (USGBC) for its environmentally efficient design, construction, and operation practices. In the fourth quarter of 2022, Perficient achieved certification of its Environmental Management System ("EMS") under ISO 14001:2015, the international standard for an effective EMS to enhance environmental performance. This certification exemplifies our commitment to sustainability, compliance with applicable law, and continuous improvement by meeting environmental objectives.

Perficient is actively engaging partners and potential partners to evaluate its carbon footprint/emissions and identify opportunities to utilize renewable energy. This work will help us better understand the environmental impact of operations, inform a roadmap for future sustainability efforts, and provide our stakeholders with greater transparency.

While Perficient works to further understand the impact of its Scope 3 greenhouse gas ("GHG") emissions, these emissions have already decreased due to reduced business travel and employee commuting compared to pre COVID-19 levels. Scope 3 GHG emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. Perficient continues to leverage remote work in connection with providing client services and in its corporate functions.

*Retention.* We firmly believe in the power of partnership and the spirit of innovation and approach every opportunity with these philosophies in mind. We focus on a core set of solutions, applications, and software platforms and believe our commitment to our employees' career development through continued training and advancement opportunities sets us apart as an employer of choice.

*Utilization.* We continually assess employee utilization, which is defined as the percentage of our professionals' time billed to clients divided by the total available hours in the respective period. If the utilization rate of our professionals is too high, it could have an adverse effect on employee engagement and attrition, the quality of the work performed and our ability to staff projects. If our utilization rate is too low, our profitability and the engagement of our employees could suffer.

*Compensation.* Our compensation philosophy and programs are designed to attract, retain, motivate, and reward employees based on performance and results. Our tiered incentive compensation plans help us reach our overall goals by rewarding individuals for their influence on key performance factors and allow for differentiation so that deserving performers may be rewarded.

## **General Information**

Our stock is traded on The Nasdaq Global Select Market under the symbol "PRFT". Our website may be visited at [www.perficient.com](http://www.perficient.com). We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. From time to time, we also provide additional information regarding the Company and its activities on the "Investor Relations" section of our website, which we encourage our investors to review. The information contained or incorporated in our website is not part of this document.

## Financial Information about Segments and Geographic Areas

See the Consolidated Financial Statements and the Notes to Consolidated Financial Statements appearing in Part II, Item 8.

### Item 1A. Risk Factors.

*You should carefully consider the following factors together with the other information contained in or incorporated by reference into this Annual Report on Form 10-K before you decide to buy our common stock. These factors could materially adversely affect our business, financial condition, operating results, cash flows, or stock price. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could materially adversely affect our business, financial condition, operating results, cash flows, or stock price.*

#### Macroeconomic and Industry Risks

**Our results of operations could be adversely affected by volatile, negative or uncertain economic and political conditions and the effects of these conditions on our clients' businesses and levels of business activity.**

Global macroeconomic and political conditions affect our clients' businesses and the markets they serve. Developments such as economic downturns, trade disputes, recessions, instability and inflationary risks, including hyperinflation, in the United States, Latin America, India, Canada, China and Europe, among other developments, may have an adverse effect on our clients' businesses and, consequently, on our results of operations, revenue growth and profitability.

Volatile, negative or uncertain economic and political conditions in the markets we serve have undermined, and could in the future undermine, business confidence and cause our clients to reduce or defer their spending on new technologies or initiatives or terminate existing contracts, which would negatively affect our business. Growth in markets we serve could be at a slow rate, or could stagnate, in each case, for an extended period of time. Differing economic and political conditions and patterns of economic growth and contraction in the geographical regions in which we operate and the markets we serve have affected, and may in the future affect, demand for our services. For the year ended December 31, 2023, 97% of our revenues were derived from our clients in the United States and Canada. Weakening demand in this market could have a material adverse effect on our results of operations. Ongoing economic and political volatility and uncertainty affects our business in a number of other ways, including making it more difficult to accurately forecast client demand beyond the short term and effectively build our revenue and resource plans, particularly in consulting. This could result, for example, in us not having the level of appropriate personnel where they are needed or having to use involuntary terminations as a means to keep our supply of skills and resources in balance.

Economic and political volatility and uncertainty, including as a result of the war between Russia and Ukraine and the war between Israel and Hamas, is particularly challenging because it may take some time for the effects and resulting changes in demand patterns to manifest themselves in our business and results of operations. Changing demand patterns from economic and political volatility and uncertainty could have a significant negative impact on our results of operations.

**We face risks associated with potential changes to U.S. and foreign laws, regulations and policies.**

Significant changes to various U.S. and foreign laws, regulations and policies to which the Company is subject are under consideration by applicable government administrations and agencies. If enacted, these changes may affect our business in a manner that currently cannot be reliably predicted. These uncertainties may include changes in laws, regulations and policies in areas such as corporate taxation, international trade, labor and employment law, immigration and health care, which individually or in the aggregate could materially and adversely affect our business, results of operations or financial condition. Further, there has been an increased focus on certain environmental, social, governance, and other factors, issues and initiatives among government administrations and agencies, political figures, the investment community, employees and other stakeholders. Changes in laws, regulations and policies in response to such matters and our efforts to comply with such laws, regulations and policies could materially and adversely affect our business, results of operations or financial condition.

We provide services to various clients participating in the healthcare market. Certain modifications to U.S. government healthcare programs and other changes have been proposed and discussed. These modifications may result in reduced expenditures by our healthcare customers on information technology projects, which could materially adversely affect our business, results of operations or financial condition.

**Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, and a significant reduction in such demand could materially affect our results of operations.**

Our revenue and profitability depend on the demand for our services and favorable margins, which could be negatively affected by numerous factors, many of which are beyond our control and unrelated to our work product. As described above, volatile, negative or uncertain global economic and political conditions have adversely affected, and could in the future adversely affect, client demand for our services and solutions. In addition, developments in the markets we serve, which may be rapid, could shift demand to services and solutions where we are less competitive, or might require significant investment by us to upgrade, enhance or expand our services and solutions to meet that demand. Companies in the markets we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If one of our current clients merges or consolidates with a company that relies on another provider for its consulting, systems integration and technology, or outsourcing services, we may lose work from that client or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation. Many of our consulting contracts are less than 12 months in duration, and often contain 10 to 30 day termination provisions. If a client is dissatisfied with our services and we are unable to effectively respond to its needs, the client might terminate existing contracts, or reduce or eliminate spending on the services and solutions we provide. Additionally, a client could choose not to retain us for additional stages of a project, try to renegotiate the terms of its contract or cancel or delay additional planned work. When contracts are terminated or not renewed, we lose the anticipated revenues, and it may take significant time to replace the lost revenues or we may be unsuccessful in our attempt to recover such revenues. Consequently, our results of operations in subsequent periods could be materially lower than expected. The specific business or financial condition of a client, changes in management and changes in a client's strategy are also factors that can result in terminations, cancellations or delays, and in pressure to reduce costs.

**The markets in which we operate are highly competitive, and we might not be able to compete effectively.**

The markets in which we operate are highly competitive, ever evolving, and subject to rapid technological change. Our competitors include: large multinational providers that offer some or all of the services that we do; offshore service providers in lower-cost locations that offer services similar to those we offer, often at highly competitive prices and on more aggressive contractual terms; niche solution and service providers or local competitors that compete with us in a specific geographic market, industry segment or service area, including companies that provide new or alternative products, service or delivery models; accounting firms that are expanding or building their capabilities to provide certain consulting services, including through acquisitions; and in-house departments of large corporations that use their own resources, rather than engage an outside firm for the types of services we provide.

Many of the larger regional and national information technology consulting firms have substantially longer operating histories, more established reputations and potential vendor relationships, greater financial resources, sales and marketing organizations, market penetration, and research and development capabilities, as well as broader product offerings, greater market presence, and name recognition.

In addition, there are relatively low barriers to entry in this business and therefore new entrants may compete with us in the future. For example, due to the rapid changes and volatility in our market, many well-capitalized companies, including some of our partners that have focused on sectors of the software and services industry that are not competitive with our business may refocus their activities and deploy their resources to be competitive with us.

Our future financial performance is largely dependent upon our ability to compete successfully in the markets we currently serve. If we are unable to compete successfully, we could lose market share and clients to competitors, which could materially adversely affect our results of operations.

In addition, we may face greater competition due to consolidation of companies in the technology sector, through strategic mergers or acquisition. Consolidation activity may result in new competitors with greater scale, a broader footprint, or offerings that are more attractive than ours. We believe that this competition could have a negative effect on our ability to compete for new work and skilled professionals. One or more of our competitors may develop and implement methodologies that result in superior productivity and price reductions without adversely affecting their profit margins. In addition, competitors may win client engagements by significantly discounting their services in exchange for a client's promise to purchase other goods and services from the competitor, either concurrently or in the future. These activities may potentially force us to lower our prices and suffer reduced operating margins. Any of these negative effects could significantly impair our results of operations and financial condition. We may not be able to compete successfully against new or existing competitors.

**Global operations subject us to additional political and economic risks that could have an adverse impact on our business.**

We maintain global development centers in Latin America, India, China and Eastern Europe. We also have employees in the United Kingdom and Canada. We are subject to certain risks related to expanding our presence into non-U.S. regions, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain technologies, managing the integration of our various international information systems; and multiple and possibly overlapping tax structures. We may face difficulties in enforcing contractual rights, and our continued operation and expansion outside of the United States, including in developing countries, could increase the risk of contractual violations in the future. In addition, we may face competition from companies that may have more experience with operations in these countries or with global operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, including difficulties related to language and cultural barriers, as well as integrating employees that we hire in different countries into our existing corporate culture.

Furthermore, there are risks inherent in operating in and expanding into non-U.S. regions, including, but not limited to:

- political and economic instability;
- global health conditions and potential natural disasters;
- unexpected changes in regulatory requirements, including immigration restrictions, tariffs, and other trade barriers and tax regulations, the enforcement of such requirements by applicable governmental authorities and other legal uncertainty;
- limitations on our ability to repatriate cash from our international operations;
- complexities and additional costs in effectively managing our international operations;
- international currency controls and exchange rate fluctuations including as a result of the current inflationary environment;
- reduced protection for intellectual property rights;
- difficulties in enforcing our contractual rights;
- increased potential for corruption; and
- additional vulnerability from terrorist groups targeting U.S. interests abroad.

Any one or more of the factors set forth above could have a material adverse effect on our international operations and, consequently, on our business, financial condition, and operating results. These risks may be amplified in certain emerging markets in which we do business, including India and Latin America.

**Our results of operations and ability to grow could be materially negatively affected if we cannot adapt and expand our services and solutions in response to ongoing changes in technology and offerings by new entrants.**

Our success depends upon our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and industry developments and offerings by new entrants to serve the evolving needs of our clients. Current areas of significant change include mobility, cloud-based computing, software-as-a-service solutions, artificial intelligence, machine learning and the processing and analyzing of large amounts of data. Technological developments such as these may materially affect the cost and use of technology by our clients. Further, if we continue to implement emerging technologies into our products and services, we may not be able to anticipate vulnerabilities, flaws or security threats resulting from the use of such technologies or develop adequate protective measures. Our growth strategy focuses on responding to these types of developments by driving innovation for our core business as well as through new business initiatives beyond our core business that will enable us to differentiate our services and solutions. If we do not sufficiently invest in new technology and industry developments, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and continue to grow could be negatively affected.

In addition, we operate in a quickly evolving environment, in which there currently are, and we expect will continue to be, new technology entrants. New services or technologies offered by competitors or new entrants may make our offerings less differentiated or less competitive, when compared to other alternatives, which may adversely affect our results of operations.

## **Strategic and Operational Risks**

**We might not be successful at identifying, acquiring, or integrating other businesses.**

We have pursued a disciplined acquisition strategy designed to enhance or add to our offerings of services and solutions, or to enable us to expand in certain markets, both domestically and internationally. Depending upon the opportunities available, we may increase our investment in these acquisitions. In that pursuit, we may not successfully identify suitable acquisition candidates, succeed in completing targeted transactions, or achieve desired results of operations. Furthermore, we

face risks in successfully integrating any businesses we acquire. Ongoing business may be disrupted and our management's attention may be diverted by acquisitions, transition or integration activities. In addition, we might need to dedicate additional management and other resources, and our organizational structure could make it difficult for us to efficiently integrate acquired businesses into our ongoing operations and assimilate and retain employees of those businesses into our culture and operations.

We might fail to realize the expected benefits or strategic objectives of any acquisition we make. We might not achieve our expected return on investment, or we may lose money. We may be adversely impacted by liabilities that we assume from a company we acquire, including from that company's known and unknown obligations, intellectual property or other assets, terminated employees, current or former clients, or other third parties, and we may fail to identify or adequately assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquisition, which could result in unexpected legal or regulatory exposure, unexpected increases in taxes or other adverse effects on our business and profitability. If we are unable to complete the number and kind of acquisitions for which we plan, or if we are inefficient or unsuccessful at integrating any acquired businesses into our operations, we may not be able to achieve our planned rates of growth or improve our market share, profitability, or competitive position in specific markets or services.

**Our results of operations could materially suffer if we are not able to obtain favorable pricing.**

If we are not able to obtain favorable pricing for our services, our revenues and profitability could materially suffer. The rates we are able to charge for our services are affected by a number of factors, including, but not limited to:

- general economic and political conditions;
- the competitive environment in our industry, as described above;
- our clients' desire to reduce their costs;
- our ability to accurately estimate, attain, and sustain contract revenues, margins, and cash flows over the full contract period; and
- procurement practices of clients and their use of third-party advisors.

The competitive environment in our industry affects our ability to obtain favorable pricing in a number of ways, any of which could have a material negative impact on our results of operations. The less we are able to differentiate our services and solutions and/or clearly convey the value of our services and solutions, the more risk we have that they will be seen as commodities, with price being the driving factor in selecting a service provider. In addition, the introduction of new services or products by competitors could reduce our ability to obtain favorable pricing for the services or products we offer. Competitors may be willing, at times, to price contracts lower than us in an effort to enter the market or increase market share. Further, if competitors develop and implement methodologies that yield greater efficiency and productivity, they may be better positioned to offer services similar to ours at lower prices.

**If our negotiated fees do not accurately anticipate the cost and complexity of performing our work, then our contracts could be unprofitable.**

We negotiate fees with our clients by utilizing a range of pricing structures and conditions, including time and materials and fixed fee contracts. Our fees are highly dependent upon our internal forecasts and predictions about the level of effort and cost necessary to deliver such services and solutions, which might be based on limited data and could turn out to be materially inaccurate. If we do not accurately estimate the level of effort or cost, our contracts could yield lower profit margins than planned, or be unprofitable. We could face greater risk when negotiating fees for our contracts that involve the coordination of operations and workforces in multiple locations and/or utilizing workforces with different skill sets and competencies. There is a risk that we will underprice our contracts, fail to accurately estimate the costs of performing the work, or fail to accurately assess the risks associated with potential contracts. In particular, any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of services, including those caused by factors outside our control such as wage inflation and other marketplace factors, could make these contracts less profitable or unprofitable, which could have an adverse effect on our profit margin.

Our operations are subject to the effects of wage inflation and other marketplace factors, including with respect to our subsidiaries located in Latin America, India, Canada, China, and Europe. If increases in salary and other operating costs exceed our internal forecasts, the hourly rates established under our time-and-materials contracts might not be sufficient to recover those increased operating costs, which would make those contracts unprofitable for us, thereby adversely affecting our results of operations, financial condition and cash flows from operations.

**The loss of one or more of our significant software vendors could have a material and adverse effect on our business and results of operations.**

We have significant relationships with software vendors including IBM, Red Hat, Adobe, Microsoft, Oracle, Salesforce, MuleSoft and Sitecore. Our business relationships with these companies enable us to reduce our cost of acquiring customers and increase win rates through leveraging our vendors' marketing efforts and strong vendor endorsements. The loss of one or more of these relationships and endorsements could increase our sales and marketing costs, lead to longer sales cycles, harm our reputation and brand recognition, reduce our revenues, and adversely affect our results of operations. The financial impact of the loss of one or more software vendors is not reasonably estimable.

**Our ability to attract and retain business may depend upon our reputation in the marketplace.**

We believe the Perficient 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 potentially susceptible to material damage by events such as disputes with clients, information technology security breaches or service outages, or other delivery failures. Similarly, our reputation could be damaged by actions or statements of current or former clients, employees, competitors, vendors, as well as members of the investment community and the media. The investment community, our employees and other stakeholders have evidenced an increased focus on certain environmental, social, governance and other factors, issues and initiatives. We have disclosed certain of our efforts with respect to such matters. Our reputation could be damaged if our efforts are, or are deemed to be, unsuccessful or are deemed insufficient relative to our competitors.

There is a risk that negative information could adversely affect our business. 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 or cause existing clients to terminate our services, 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 the Perficient brand name and could reduce investor confidence in us, materially adversely affecting our share price.

**Our profitability could suffer if our cost-management strategies are unsuccessful.**

Our ability to improve or maintain our profitability is dependent upon our ability to successfully manage our costs including incurred costs from the current high inflationary environment and as a result of a competitive labor market. Our cost management strategies include maintaining appropriate alignment between the demand for our services and our resource capacity, optimizing the costs of service delivery and maintaining or improving our sales and marketing and general and administrative costs as a percentage of revenues. These actions and other cost-management efforts may not be successful, our efficiency may not be enhanced and we may not achieve desired levels of profitability. Because of the significant steps taken in the past to reduce costs, we may not be able to continue to deliver efficiencies in our cost management, to the same degree as in the past. If we are not effective in reducing our operating costs in response to changes in demand or pricing, we might not be able to manage significantly larger and more diverse workforces as we increase the number of colleagues and execute our growth strategy, control our costs or improve our efficiency, and our profitability could be negatively affected.

**If we do not effectively manage expected future growth, our results of operations and cash flows could be adversely affected.**

Our ability to operate profitably with positive cash flows depends partially upon how effectively we manage our expected future growth. In order to create the additional capacity necessary to accommodate an increase in demand for our services, we may need to implement new or upgraded operational and financial systems, procedures and controls, open new offices, and hire additional colleagues. Implementation of these new or upgraded systems, procedures, and controls may require substantial management efforts and our efforts to do so may not be successful. The opening of new offices (including international locations) or the hiring of additional colleagues may result in idle or underutilized capacity. We continually assess the expected capacity and utilization of our offices and colleagues. We may not be able to achieve or maintain optimal utilization of our offices and colleagues. If demand for our services does not meet our expectations, our revenues and cash flows may not be sufficient to offset these expenses and our results of operations and cash flows could be adversely affected.

**If we are unable to collect our receivables or unbilled services, our results of operations, financial condition, and cash flows could be adversely affected.**

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We have established allowances for losses of receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate and as a result we might need to adjust our allowances. We might not accurately assess the

credit worthiness of our clients. Macroeconomic conditions could also result in financial difficulties for our clients, including bankruptcy and insolvency. This could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Recovery of client financing and timely collection of client balances also depends upon our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

**Issues arising during the implementation or upgrade of an enterprise resource planning (“ERP”) system could adversely affect the Company's business, financial condition and results of operations.**

The Company is in the process of upgrading and migrating its ERP system to a cloud version to support the Company's future growth plan and to further integrate processes and geographic locations. Upgrading an ERP system on a widespread basis involves significant changes in business processes and extensive organizational training. In connection with the implementation, the Company may experience temporary business and information technology disruptions that could adversely affect the Company's business, financial condition and results of operations.

**Indebtedness and Liquidity Risks**

**Servicing our debt may require a significant amount of cash. We may not have sufficient cash flow from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Notes or to repurchase the Notes for cash upon a fundamental change, which could adversely affect our business and results of operations.**

In August 2020, we issued \$230.0 million in aggregate principal amount of 1.250% Convertible Senior Notes Due 2025 (the “2025 Notes”), of which \$23.3 million aggregate principal amount remains outstanding as of December 31, 2023, and in November 2021, we issued \$380.0 million in aggregate principal amount of 0.125% Convertible Senior Notes Due 2026 (the “2026 Notes”) in private offerings. The 2025 Notes and 2026 Notes (together, the “Notes”) bear interest at a rate of 1.250% and 0.125% per year, respectively. Interest is payable in cash semi-annually. Our ability to make payments of the principal, to pay interest on or to refinance our indebtedness, including the Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flows from operations in the future that are sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Holders of the Notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change (as defined in the indentures governing the Notes (together, the “Indentures”)) at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. Upon conversion, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases in connection with such conversion and our ability to pay may additionally be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase the Notes at a time when the repurchase is required by the Indentures or to pay any cash payable on future conversions as required by the Indentures would constitute a default under the Indentures. A default under the Indentures or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof.

**The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.**

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering

any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

### **We are subject to counterparty risk with respect to the Notes Hedges.**

In connection with the issuance of the Notes, we entered into privately negotiated convertible note hedge transactions (the “Note Hedges”) with certain of the initial purchasers or their respective affiliates and/or other financial institutions (the “Option Counterparties”). We will be subject to the risk that one or more of the Option Counterparties, as financial institutions, might default under their respective Note Hedges. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral. Global economic and political conditions could result in the actual or perceived failure or financial difficulties of financial institutions. If any Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with such Option Counterparty.

Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by any Option Counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any of the Option Counterparties.

### **We may need additional capital in the future, which may not be available to us. The raising of any additional capital may dilute your ownership percentage in our stock.**

As of December 31, 2023, we had unrestricted cash and cash equivalents totaling \$128.7 million and a borrowing capacity under our credit facility of \$300.0 million, with \$300.0 million unused capacity available, and a commitment from our lenders to increase our borrowing capacity by \$75.0 million. Of the \$128.9 million of cash, cash equivalents and restricted cash at December 31, 2023, \$20.6 million was held by certain foreign subsidiaries which is not available to fund domestic operations unless the funds would be repatriated. We currently do not plan or foresee a need to repatriate such funds. The balance at December 31, 2023 also includes \$1.8 million in cash held by certain other foreign subsidiaries, the earnings of which are not considered to be indefinitely reinvested and may be repatriated from time to time. We intend to continue to make investments to support our business growth and may require additional funds if our capital is insufficient to pursue business opportunities and respond to business challenges. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all, especially in light of recent significant increases in interest rates. If we are unable to obtain adequate financing or financing on terms satisfactory to us, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

### **Data Security and Intellectual Property Risks**

#### **We could have significant liability or our reputation could be damaged if we fail to protect client and Company data or information systems or if our information systems are breached.**

We are dependent upon information technology networks and systems to process, transmit, and store electronic information and to communicate among our locations and with our partners and clients. Security incidents with respect to this infrastructure or human error could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information. There has been a global increase in information technology security threats and increasingly sophisticated cyber attacks. Given the uncertainty of such incidents, our infrastructure may be vulnerable. In providing services to clients, we are also required at times to manage, utilize, and store sensitive or confidential client or employee data. As a result, we are subject to numerous laws and regulations designed to protect this information, such as various U.S. federal and state laws and foreign laws governing the protection of personally identifiable information. We also rely on third-party service providers, and security incidents or cyber attacks relating to the information technology systems of our third-party service providers could have a material adverse impact on the Company. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, regulatory enforcement actions, fines, and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential client or employee data, whether through systems failure, human error or negligence, cyber attacks, security incidents, fraud or misappropriation could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems or those we develop for our clients, whether by our employees or third parties, could result in negative publicity, significant remediation costs, legal liability, and damage to our reputation and could have a material adverse effect on our results of operations. In addition, our liability insurance might not be sufficient in type or amount to cover us against claims related to security incidents, cyber attacks and



other related breaches. More information on the Company's processes related to general and company specific cybersecurity risks, including management's role and the Board of Directors' oversight, can be found in Item 1C, "Cybersecurity".

**Our services could infringe upon the intellectual property rights of others.**

We cannot be sure that our services do not infringe on the intellectual property rights of third parties, and we could have infringement claims (including meritless claims) asserted against us. These claims may harm our reputation, cause our management to expend significant time in connection with any defense, and cost us money. We may be required to indemnify clients for any expense or liabilities they incur resulting from claimed infringement and these expenses could exceed the amounts paid to us by the client for services we have performed. Any claims in this area, even if won by us, could be costly, time-consuming, and harmful to our reputation.

**We have only a limited ability to protect our intellectual property rights, which are important to our success.**

Our success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property. Existing laws of some countries in which we provide services or solutions might offer only limited protection of our intellectual property rights. We rely upon a combination of trade secrets, confidentiality policies, nondisclosure, and other contractual arrangements to protect our intellectual property rights. These laws are subject to change at any time and could further restrict our ability to protect our innovations. Our intellectual property rights may not prevent competitors from independently developing products and services similar to or duplicative of ours. Further, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our rights might also require considerable time, money and oversight and we may not be successful in enforcing our rights.

Depending upon the circumstances, we might need to grant a specific client greater rights in intellectual property developed in connection with a contract than we otherwise generally do. In certain situations, we might forego rights to the use of intellectual property we help create or knowledge associated with such creation, which would limit our ability to reuse that intellectual property or knowledge for other clients. Any limitation on our ability to provide a service or solution could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

**Human Capital Risks**

**If we are unable to keep our supply of skills and resources in balance with client demand and attract and retain professionals with strong leadership skills, our business, the utilization rate of our professionals and our results of operations may be materially adversely affected.**

Our success depends, in large part, upon our ability to keep our supply of skills and resources in balance with client demand and our ability to attract and retain personnel with the knowledge and skills to lead our business. Experienced personnel in our industry are in high demand, and there is much competition to attract qualified personnel. We must hire, retain and motivate appropriate numbers of talented people with diverse skills in order to serve clients across North America, respond quickly to rapid and ongoing technology, industry and macroeconomic developments and grow and manage our business. For example, if we are unable to hire or continually train our employees to keep pace with the rapid and continuing changes in technology and the markets we serve or changes in the types of services clients are demanding we may not be able to develop and deliver new services and solutions to fulfill client demand. As we expand our services and solutions, we must also hire and retain an increasing number of professionals with different skills and expectations than those of the professionals we have historically hired and retained. Additionally, if we are unable to successfully integrate, motivate and retain these professionals, our ability to continue to secure work for our services and solutions in those markets may decline.

We are dependent upon retaining our senior executives and other experienced managers, and if we are unable to do so, our ability to develop new business and effectively lead our current projects could be jeopardized. We depend upon identifying, developing, and retaining key employees to provide leadership and direction for our businesses. This includes developing talent and leadership capabilities in emerging markets, where the depth of skilled employees is often limited and competition for these resources is great. Our geographic expansion strategy in emerging markets depends on our ability to attract, retain and integrate both local business leaders and people with the appropriate skills.

Similarly, our profitability depends upon our ability to effectively utilize personnel with the right mix of skills and experience to perform services for our clients, including our ability to transition employees to new assignments on a timely

basis. If we are unable to effectively deploy our employees on a timely basis to fulfill the needs of our clients, our ability to perform our work profitably could suffer. If the utilization rate of our professionals is too high, it could have an adverse effect on employee engagement and attrition, the quality of the work performed and our ability to staff projects. If our utilization rate is too low, our profitability and the engagement of our employees could suffer. The costs associated with recruiting and training employees are significant. An important element of our global business model is the deployment of our employees around the world, which allows us to move talent as needed. Therefore, if we are not able to deploy the talent we need because of increased regulation of immigration or work visas, including limitations placed on the number of visas granted, limitations on the type of work performed or location in which it can be performed, and new or higher minimum salary requirements, it could be more difficult to staff our employees on client engagements and could increase our costs.

Our equity-based incentive compensation plans are designed to reward high-performing personnel for their contributions and provide incentives for them to remain with us. If the anticipated value of these incentives does not materialize because of volatility or lack of positive performance in our stock price, or if our total compensation package is not viewed as being competitive, our ability to attract and retain the personnel we need could be adversely affected.

There is a risk that at certain points in time and in certain markets, we will find it difficult to hire and retain a sufficient number of employees with the skills or backgrounds to meet current and/or future demand. In these cases, we might need to redeploy existing personnel or increase our reliance on subcontractors to fill certain labor needs, and if not done effectively, our profitability could be negatively impacted. Additionally, if demand for our services were to escalate at a high rate, we may need to adjust our compensation practices, which could put upward pressure on our costs and adversely affect our profitability if we are unable to recover these increased costs. At certain times, however, we may also have more personnel than we need in certain skill sets or geographic locations. In these situations, we must evaluate voluntary attrition and use reduced levels of new hiring and increased involuntary terminations as a means to keep our supply of skills and resources in balance with client demand in those markets.

**Immigration restrictions related to H1-B visas could hinder our growth and adversely affect our business, financial condition and results of operations.**

Approximately 14% of our billable workforce in the U.S. is comprised of skilled foreign nationals holding H1-B visas. The H1-B visa classification enables us to hire qualified foreign workers in positions that require the equivalent of at least a bachelor's degree in the U.S. in a specialty occupation such as technology systems engineering and analysis. The H1-B visa generally permits an individual to work and live in the U.S. for a period of up to six years, with extensions available in certain circumstances. The number of new H1-B petitions approved in any federal fiscal year is limited, making the H1-B visas necessary to bring foreign employees to the U.S. unobtainable in years in which the limit is reached. The number of H1-B visas available, and the process to obtain them, may be subject to significant change. If we are unable to obtain all of the H1-B visas for which we apply, our growth or service offerings may be hindered.

**If our executive transition is not successful, it could have a material adverse effect on the Company.**

Effective as of October 1, 2023, Jeffrey S. Davis, our prior Chief Executive Officer, became the Executive Chairman of the Company, and Thomas J. Hogan, our President and Chief Operating Officer, became our President and Chief Executive Officer (the "Executive Transition"). A change in executive leadership, such as the Executive Transition, involves inherent risk that can adversely affect our strategic planning, business execution and future performance. We depend on our Chief Executive Officer to lead the Company effectively. If the Executive Transition is not successful, it could materially adversely impact our businesses, financial condition or results of operations, significantly delay or prevent the achievement of our strategic objectives and operating goals and cause volatility in our stock price.

**Legal and Tax Risks**

**Our business could be materially adversely affected if we incur legal liability in connection with providing our services and solutions.**

We could be subject to significant legal liability and litigation expense if we fail to meet our contractual obligations, or otherwise breach obligations, to third parties, including clients, partners, employees and former employees, and other parties with whom we conduct business, or if our subcontractors breach or dispute the terms of our agreements with them and impede our ability to meet our obligations to our clients. We may enter into agreements with non-standard terms because we perceive an important economic opportunity or because our personnel did not adequately follow our contracting guidelines. In addition, the contracting practices of competitors, along with the demands of increasingly sophisticated clients, may cause contract terms and conditions that are unfavorable to us to become new standards in the marketplace. We may find ourselves committed to

providing services or solutions that we are unable to deliver or whose delivery will reduce our profitability or cause us financial loss. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expense and our results of operations could be materially adversely affected. A failure of a client's system based on our services or solutions could also subject us to a claim for significant damages that could materially adversely affect our results of operations. In addition to expense, litigation can be lengthy and disruptive to normal business operations, and litigation results can be unpredictable. While we maintain insurance for certain potential liabilities, this 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 the amount of our recovery, if any.

**Changes in our level of taxes, audits, investigations and tax proceedings, or changes in tax laws or their interpretation or enforcement could have a material adverse effect on our results of operations and financial condition.**

We are subject to income taxes in numerous jurisdictions. We calculate and provide for income taxes in each tax jurisdiction in which we operate. Tax accounting often involves complex matters and requires our judgment to determine our corporate provision for income taxes and other tax liabilities. We are subject to ongoing tax audits in various jurisdictions. Tax authorities have disagreed, and may in the future disagree, with our judgments, or may take increasingly aggressive positions opposing the judgments we make. We regularly assess the likely outcomes of these audits to determine the appropriateness of our tax liabilities. However, our judgments might not be sustained as a result of these audits, and the amounts ultimately paid could be different from the amounts previously recorded. See Note 13, *Income Taxes*, in the Notes to Consolidated Financial Statements for additional information regarding the disallowance of certain research credits claimed by the Company and the Company's actions to assert such credits.

In addition, our effective tax rate in the future could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws. Tax rates in the jurisdictions in which we operate may change as a result of macroeconomic or other factors outside of our control. Increases in the tax rate in any of the jurisdictions in which we operate could have a negative impact on our profitability. In addition, changes in tax laws, treaties, or regulations, or their interpretation or enforcement, may be unpredictable and could materially adversely affect our tax position. The Organization for Economic Cooperation and Development ("OECD") reached an agreement among various countries to implement a minimum 15% corporate tax rate, commonly referred to as Pillar Two. Certain countries in which we operate have enacted legislation to adopt the Pillar Two framework and other countries are also considering changes to their tax laws to implement this framework. We are continuing to evaluate the impact of these changes on our effective tax rate and tax liabilities as new guidance and information becomes available.

## **Financial Risks**

**We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could adversely affect our financial results.**

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The application of these principles requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition, and our accompanying disclosure with respect to, among other things, revenue recognition, purchase accounting related fair value measurements, contingent consideration and income taxes. We base our estimates on historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the circumstances at the time they are made. These estimates and assumptions involve the use of our judgment and can be subject to significant uncertainties, some of which are beyond our control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from our estimates, and we may need to, among other things, adjust revenues or accrue additional charges that could adversely affect our results of operations.

**Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls.**

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our stockholders on our internal control over financial reporting that includes an assessment of the effectiveness of these controls. Internal control over financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changed conditions, and

fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be required to restate our financial statements, and our results of operations, our share price and our ability to obtain new business could be materially adversely affected.

### **Our results of operations could be adversely affected by fluctuations in foreign currency exchange rates.**

Although we report our results of operations in U.S. dollars, a small portion of our revenues is denominated in currencies other than the U.S. dollar. Unfavorable fluctuations in foreign currency exchange rates could have an adverse effect on our results of operations.

Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the value of the U.S. dollar against other currencies will affect our net revenues, operating income and the value of balance-sheet items, including intercompany payables and receivables, denominated in other currencies. These changes cause our growth in consolidated earnings stated in U.S. dollars to be higher or lower than our growth in local currency when compared against other periods. Our currency hedging program, which is designed to partially offset the impact on consolidated earnings related to the changes in value of certain balance sheet items, might not be successful.

As we continue to leverage our global delivery model, certain of our expenses are incurred in currencies other than those in which we bill for the related services. An increase in the value of certain currencies, such as the Canadian dollar, Indian rupee, Chinese yuan, British pound, euro, Colombian peso, Argentine peso, Chilean peso, Uruguayan peso, and Mexican peso against the U.S. dollar could increase costs for delivery of services at off-shore sites by increasing labor and other costs that are denominated in local currency. Our contractual provisions or cost management efforts might not be able to offset their impact, and our currency hedging activities, which are designed to partially offset this impact, might not be successful. This could result in a decrease in the profitability of our contracts that are utilizing delivery center resources. Conversely, a decrease in the value of certain currencies, such as the Canadian dollar, Indian rupee, Chinese yuan, British pound, euro, Colombian peso, Argentine peso, Chilean peso, Uruguayan peso, and Mexican peso against the U.S. dollar in which our revenue is recorded could place us at a competitive disadvantage compared to service providers that benefit to a greater degree from such a decrease and can, as a result, deliver services at a lower cost. In addition, our currency hedging activities are themselves subject to risk. These include risks related to counterparty performance under hedging contracts, risks related to ineffective hedges and risks related to currency fluctuations. We also face risks that extreme economic conditions, political instability, hostilities or natural disasters could impact or perhaps eliminate the underlying exposures that we are hedging. Such an event could lead to losses being recognized on the currency hedges then in place that are not offset by anticipated changes in the underlying hedge exposure.

### **Risks Related to Owning Our Common Stock**

#### **Transactions relating to our Notes may affect the value of our common stock.**

Our Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Notes elect to convert their notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders.

In addition, in connection with the issuance of the Notes, we entered into the Notes Hedges with the Option Counterparties. If the Company exercises the Notes Hedges, the aggregate amount of cash received from the Option Counterparties will cover the aggregate amount of cash that the Company would be required to pay to the holders of the Notes, less the principal amount thereof. Also in connection with the issuance of the Notes, we sold net-share-settled warrants (the "Notes Warrants") in privately negotiated transactions with the Option Counterparties. The Notes Hedges and Notes Warrants are expected generally to reduce the potential dilution to our common stock upon any conversion or settlement of the Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

#### **Our stock price and results of operations could fluctuate and be difficult to predict.**

Our stock price has fluctuated in the past and could continue to fluctuate in the future in response to various factors. These factors include:

- changes in macroeconomic or political factors unrelated to our business;
- general or industry-specific market conditions or changes in financial markets;
- announcements by us or competitors about developments in our business or prospects;
- projections or speculation about our business or that of competitors by the media or investment analysts; and
- our ability to meet our growth and financial objectives, including with respect to our overall revenue growth, revenue growth for our priority emerging markets and earnings per share growth.

The investment community and their advisors evaluate the Company on various strategies and considerations. The focus, scrutiny and standards by which such investors evaluate their investment strategies and considerations continue to change. These matters could cause our stock price to fluctuate.

Our results of operations have varied in the past and could vary significantly from quarter to quarter in the future, making them difficult to predict. Some of the factors that could cause our results of operations to vary include:

- the business decisions of our clients to begin to curtail or reduce the use of our services, including in response to changes in macroeconomic or political conditions unrelated to our business or general market conditions;
- periodic differences between our clients' estimated and actual levels of business activity associated with ongoing work, as well as the stage of completion of existing projects and/or their termination or restructuring;
- contract delivery inefficiencies, such as those due to poor delivery or changes in forecasts;
- our ability to transition employees quickly from completed to new projects and maintain an appropriate headcount in each of our workforces;
- acquisition, integration and operational costs related to businesses acquired;
- the introduction of new products or services by us, competitors or partners;
- changes in our pricing or competitors' pricing;
- our ability to manage costs, including those for our own or subcontracted personnel, travel, support services and severance;
- changes in, or the application of changes in, accounting principles or pronouncements under U.S. generally accepted accounting principles, particularly those related to revenue recognition;
- currency exchange rate fluctuations;
- changes in estimates, accruals or payments of variable compensation to our employees;
- global, regional and local economic and political conditions and related risks, including acts of terrorism; and
- seasonality, including number of workdays, holidays and summer vacations.

As a result of any of the above factors, or any of the other risks described in this Item 1A, "Risk Factors," our stock price could be difficult to predict, and our stock price in the past might not be a good indicator of the price of our stock in the future.

**Our officers, directors, and 5% and greater stockholders own a large percentage of our voting securities and their interests may differ from other stockholders.**

Our executive officers, directors, and 5% and greater stockholders beneficially own or control approximately 35% of the voting power of our common stock. This concentration of voting power of our common stock may make it difficult for our other stockholders to successfully approve or defeat matters that may be submitted for action by our stockholders. It may also have the effect of delaying, deterring, or preventing a change in control of the Company.

**It may be difficult for another company to acquire us, and this could depress our stock price.**

In addition to the voting securities held by our officers, directors, and 5% and greater stockholders, provisions contained in our certificate of incorporation, bylaws, Delaware law and certain provisions of the Notes could make it difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. Our certificate of incorporation and bylaws may discourage, delay, or prevent a merger or acquisition that a stockholder may consider favorable by authorizing the issuance of "blank check" preferred stock. In addition, provisions of the Delaware General Corporation Law also restrict some business combinations with interested stockholders. These provisions are intended to encourage potential acquirers to negotiate with us and allow the Board of Directors the opportunity to consider alternative proposals in the interest of maximizing stockholder value. Additionally, certain provisions of our Notes could make it more difficult or more expensive for a third party to acquire us. These provisions may also discourage acquisition proposals, or delay or prevent a change in control, which could harm our stock price.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

**Risk Management & Strategy**

Perficient proactively manages its cybersecurity and data privacy risks with organizational and technical controls including a comprehensive set of policies, procedures, required annual and role-based training, cybersecurity insurance, security assessments for vendors with access to Perficient and/or Perficient client networks, and use of technology such as Multi-Factor Authentication (the “Program”). Perficient regularly tests and validates its Program using internal resources, external auditors, and rigorous industry certifications. After maintaining a Systems and Organization Controls 2 (SOC2) certification, Perficient achieved its global ISO27001:2022 certification, an international standard for information security management systems, in October 2023.

The Program is supported by a cross-functional team which identifies, assesses, monitors, tracks and pro-actively mitigates general and company specific risks, including those related to business continuity and third parties.

Perficient’s Information Technology, Data Security, Data Privacy, Finance and Communications teams conduct annual tabletop exercises in which various levels of management participate in simulated data security/privacy scenarios that Perficient, its clients and/or its personnel may face in the future. Perficient engages external resources to refresh the subject matter of these exercises and to continually challenge Perficient’s management in these exercises. Annual formal training using an online platform is required for all Perficient employees and subcontractors. Topics include how to identify suspicious activities and occurrences related to social engineering, phishing, viruses, and insider threats. Certain employees complete additional role-based training. Perficient’s formal training is supplemented throughout the year by regular “Securing Perficient” emails which reinforce relevant cybersecurity policies and procedures and cover topics such as emerging cybersecurity risks.

Perficient’s senior management are members of the Security and Compliance Executive Committee (“SCEC”) which meets at least semi-annually to review Perficient’s current cybersecurity risks, the effectiveness of current controls, policies and training. Any security-related policy violations or incidents involving Perficient or client data would be included in the SCEC briefing. Perficient senior management also regularly considers the impact of cybersecurity risks when developing its business strategy, financial planning, and capital allocation. Perficient is not aware of any current or past cyber related risks which have or are reasonably likely to materially affect its strategy, operations, or financial condition.

**Governance**

Perficient’s Vice President of Information Technology and General Counsel are active members of the cross-functional team managing the Program. Perficient’s Vice President of Information Technology is responsible for Perficient’s internally facing technology solutions, infrastructure, and data security team. He has served in similar leadership roles prior to joining Perficient. Perficient’s General Counsel is responsible for Perficient’s legal and privacy teams. He has over 10 years of experience in the technology sector which includes substantial experience in cybersecurity-related matters. These members of Perficient’s senior management team oversee day to day risk management activities performed by the Company’s IT Infrastructure, Data Security, and Data Privacy colleagues and participate in annual simulated data security/privacy exercises. The VP of Information Technology and General Counsel also regularly brief other members of the Company’s senior management team and the Board, either as a whole or through its Audit Committee, which is charged with oversight of the Program. These briefings occur at least quarterly and address the Program’s operations, management of cybersecurity risks, and any potential impact on Perficient’s operations and financial stability.

**Item 2. Properties.**

We have offices in multiple markets throughout the United States, Latin America, India, Canada, China and Europe. We do not own any real property; all of our office space is leased with varying expiration dates. We believe our facilities are adequate to meet our needs in the near future.

**Item 3. Legal Proceedings.**

We are involved from time to time in various legal proceedings arising in the ordinary course of business. Although the outcome of lawsuits or other proceedings cannot be predicted with certainty and the amount of any liability that could arise

with respect to such lawsuits or other proceedings cannot be predicted accurately, we do not expect any currently pending matters to have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is quoted on The Nasdaq Global Select Market under the symbol “PRFT”. There were approximately 475 stockholders of record of our common stock as of February 15, 2024, including 414 restricted account holders.

We have never declared or paid any cash dividends on our common stock. Our credit facility currently restricts the payment of cash dividends. Any future determination as to the declaration and payment of dividends will be made at the discretion of our Board of Directors and will depend on our earnings, operating and financial condition, capital requirements and other factors deemed relevant by our Board of Directors, including the applicable requirements of the Delaware General Corporation Law.

Information on our Equity Compensation Plan has been included in Part III, Item 12 of this Annual Report on Form 10-K.

#### Issuer Purchases of Equity Securities

The Company’s Board of Directors authorized the repurchase of up to \$375.0 million of shares of Company common stock through a stock repurchase program expiring December 31, 2024. The Company originally announced the repurchase program on March 27, 2008 and announced its expansion to its current authorization on October 27, 2022. The program could be suspended or discontinued at any time based on market, economic, or business conditions. The Company has no other stock repurchase programs outstanding, nor did any stock repurchase programs expire during the year ended December 31, 2023.

From the program’s inception on August 11, 2008 through December 31, 2023, we have repurchased approximately \$291.1 million (16.5 million shares) of our outstanding common stock.

| Period                                     | Total Number of Shares Purchased | Average Price Paid Per Share (1) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) |
|--|----------------------------------|----------------------------------|--|--|
| Beginning balance as of September 30, 2023 | 16,455,794                       | \$ 17.46                         | 16,455,794   | \$ 87.6  |
| October 1-31, 2023                         | —                                | \$ —                             | —  | \$ 87.6  |
| November 1-30, 2023                        | 52,400                           | \$ 62.40                         | 52,400   | \$ 84.3  |
| December 1-31, 2023                        | 7,436                            | \$ 64.09                         | 7,436  | \$ 83.9  |
| Ending balance as of December 31, 2023     | <u>16,515,630</u>                | 17.63                            | <u>16,515,630</u>  |  |

(1) Average price paid per share includes commission.

The Company intends for the stock repurchase program and the repurchases made pursuant to the program to reduce the dilutive effect of shares issued by the Company both to acquisition targets as part of its acquisition program and to key employees and executives as a principal component of the Company’s compensation practices. The Company’s use of shares for these purposes is critical because it allows for the Company to align the interests of our executives, acquisition targets and other employees with those of our stockholders and helps to retain key employees. The timing and amount of repurchase transactions will be determined by management based on its evaluation of market conditions, share price, and other factors.

The Company’s officers and directors are required to comply with the Company’s securities trading policy at all times, including during a repurchase program. The insider trading policy, among other things, prohibits trading in the Company’s securities when in possession of material non-public information and restricts the ability of directors and certain officers from transacting in the Company’s securities during specific blackout periods, subject to certain limited exceptions, including transactions pursuant to a Rule 10b5-1 trading arrangement that complies with the conditions of Exchange Act Rule 10b5-1.



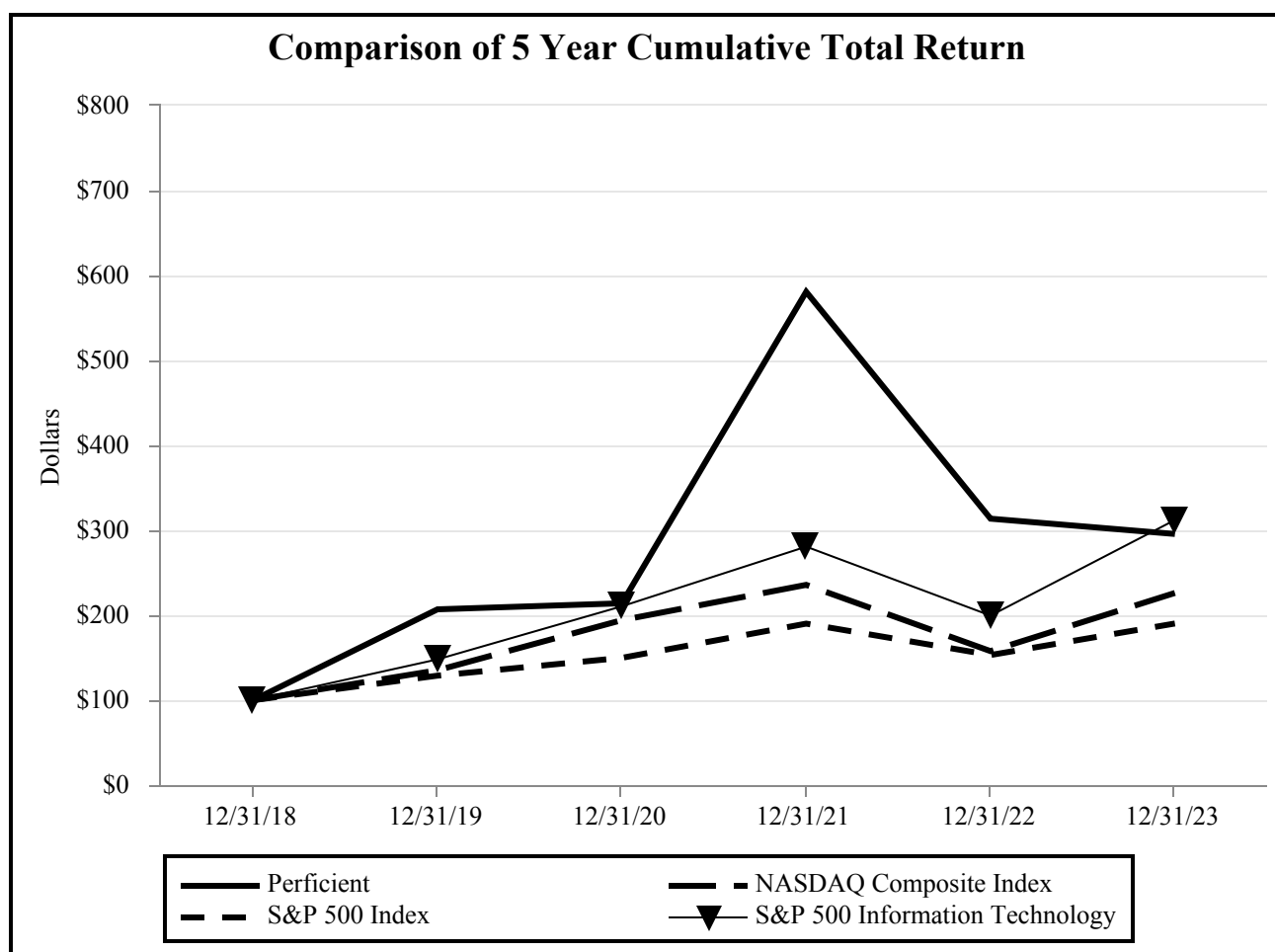
There were no Rule 10b5-1 trading arrangements adopted, materially modified, or terminated by our officers and directors during the fourth quarter of 2023.

### Company Rule 10b5-1 Trading Arrangements

The Company did not adopt, materially modify, or terminate any Rule 10b5-1 trading arrangements during the fourth quarter of 2023.

### Comparative Stock Performance

The following graph compares the cumulative five-year total stockholder return on the Common Stock from December 31, 2018 through December 31, 2023, with the cumulative total return on (i) the NASDAQ Composite Index, (ii) S&P 500 Index, and (iii) S&P 500 Information Technology Index. The comparison assumes the investment of \$100 on December 31, 2018, in the Common Stock and in each of the indices and, in each case, assumes reinvestment of all dividends.



|                                      | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|
| Perficient                           | \$ 100.00  | \$ 206.96  | \$ 214.06  | \$ 580.82  | \$ 313.70  | \$ 295.69  |
| NASDAQ Composite Index               | 100.00     | 135.23     | 194.24     | 235.78     | 157.74     | 226.24     |
| S&P 500 Index                        | 100.00     | 128.88     | 149.83     | 190.13     | 153.16     | 190.27     |
| S&P 500 Information Technology Index | 100.00     | 148.04     | 210.54     | 280.75     | 199.59     | 312.15     |

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 6. [Reserved]**

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

*You should read the following summary together with the more detailed business information and consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K and in the documents that we incorporate by reference into this Annual Report on Form 10-K. This Annual Report on Form 10-K may contain certain “forward-looking” information within the meaning of the Private Securities Litigation Reform Act of 1995. This information involves risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in “Risk Factors.”*

**Overview**

Perficient is a global digital consultancy transforming how the world’s biggest brands connect with customers and grow their businesses. We help clients, primarily focused in North America, gain competitive advantage by using digital technology to: make their businesses more responsive to market opportunities; strengthen relationships with customers, suppliers, and partners; improve productivity; and reduce information technology costs. With unparalleled strategy, creative and technology capabilities, across industries, our end-to-end digital consulting services help our clients drive faster speed-to-market capabilities and stronger, more compelling experiences for consumers. We go to market with six primary service categories – strategy and transformation, customer experience and design, innovation and product development, platforms and technology, data and intelligence, and optimized global delivery. Within each service category, and collectively, we deliver a deep and broad portfolio of solutions that enable our clients to operate a real-time enterprise that dynamically adapts business processes and the systems that support them to meet the changing demands of a global and competitive marketplace.

*Services Revenues*

Services revenues are derived from professional services that include developing, implementing, integrating, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered. Most of our projects are performed on a time and materials basis, while a portion of our revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material projects, revenues are recognized and billed by multiplying the number of hours our professionals expend in the performance of the project by the hourly rates. For fixed fee contracts, revenues are recognized and billed by multiplying the established fixed rate per time period by the number of time periods elapsed. For fixed fee percent complete projects, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours. Fixed fee percent complete engagements represented 6% of our services revenues for each of the years ended December 31, 2023, 2022 and 2021. On most projects, we are reimbursed for out-of-pocket expenses including travel and other project-related expenses. These reimbursements are included as a component of the transaction price of the respective professional services contract. The aggregate amount of reimbursed expenses will fluctuate depending on the location of our clients, the total number of our projects that require travel, and whether our arrangements with our clients provide for the reimbursement of such expenses. In conjunction with services provided, we occasionally receive referral fees under partner programs. These referral fees are recognized at a point in time when earned and recorded within services revenues.

*Software and Hardware Revenues*

Software and hardware revenues are derived from sales of third-party software and hardware resales, in which we are considered the agent, and sales of internally developed software, in which we are considered the principal. Revenues from sales of third-party software and hardware are recorded on a net basis, while revenues from internally developed software sales are recorded on a gross basis. Software and hardware revenues are expected to fluctuate depending on our clients’ demand for these products.

There are no significant cancellation or termination-type provisions for our software and hardware sales. Contracts for our professional services provide for a general right, to the client or us, to cancel or terminate the contract within a given period of time (generally 10 to 30 days’ notice is required). The client is responsible for any time and expenses incurred up to the date of cancellation or termination of the contract.

*Cost of Revenues*

Cost of revenues consists of cost of services, primarily related to cash and non-cash compensation and benefits (including bonuses and non-cash compensation related to equity awards), costs associated with subcontractors, reimbursable expenses and other project-related expenses. Cost of revenues does not include depreciation of assets used in the production of revenues which are primarily personal computers, servers, and other information technology related equipment. In accordance with Accounting Standards Codification (“ASC”) Topic 606, sales of third-party software and hardware are presented on a net basis, and as such, third-party software and hardware costs are not presented within cost of revenues.

Our cost of services as a percentage of services revenues is affected by the utilization rates of our professionals (defined as the percentage of our professionals’ time billed to clients divided by the total available hours in the respective period), the salaries we pay our professionals, and the average billing rate we receive from our clients. If a project ends earlier than scheduled, we retain professionals in advance of receiving project assignments, or demand for our services declines, our utilization rate will decline and adversely affect our cost of services as a percentage of services revenues.

#### *Selling, General and Administrative Expenses*

Selling, general and administrative (“SG&A”) expenses are primarily composed of sales-related costs, general and administrative salaries, stock compensation expense, office costs, recruiting expense, variable compensation costs, marketing costs and other miscellaneous expenses. We have access to sales leads generated by our software vendors whose products we use to design and implement solutions for our clients. These relationships enable us to optimize our selling costs and sales cycle times and increase win rates through leveraging our partners’ marketing efforts and endorsements.

#### *Plans for Growth and Acquisitions*

Our goal is to continue to build one of the leading information technology consulting firms by expanding our relationships with existing and new clients and through the continuation of our disciplined acquisition strategy. Our future growth plan includes expanding our business with a primary focus on customers in the United States, both organically and through acquisitions. We also intend to further leverage our existing global capabilities to support our future growth and provide our clients flexible options for project delivery.

When analyzing revenue growth by base business compared to acquired companies in the Results of Operations section below, revenue attributable to base business includes revenue from an acquired company that has been owned for a full four quarters after the date of acquisition.

### **Results of Operations**

The following table summarizes our results of operations as a percentage of total revenues:

|   | <b>Year Ended December 31,</b> |             |             |
|---|--------------------------------|-------------|-------------|
|   | <b>2023</b>                    | <b>2022</b> | <b>2021</b> |
| Total revenues  | 100.0 %                        | 100.0 %     | 100.0 %     |
| Total cost of revenues (cost of services, exclusive of depreciation and amortization, shown separately below) | 63.4                           | 61.1        | 61.6        |
| Selling, general and administrative   | 18.8                           | 18.9        | 20.0        |
| Depreciation and amortization   | 3.3                            | 3.7         | 3.9         |
| Acquisition costs   | 0.1                            | 0.4         | 0.5         |
| Adjustment to fair value of contingent consideration  | (0.8)                          | —           | —           |
| Income from operations  | 15.2                           | 15.9        | 13.9        |
| Net interest expense  | —                              | 0.3         | 1.8         |
| Loss on extinguishment of debt  | —                              | —           | 3.8         |
| Net other expense   | 0.1                            | —           | 0.1         |
| Income before income taxes  | 15.1                           | 15.6        | 8.2         |
| Income tax provision  | 4.2                            | 4.1         | 1.4         |
| Net income  | 10.9 %                         | 11.5 %      | 6.8 %       |

A discussion of changes in our financial condition and results of operations during the year ended December 31, 2022 compared to the year ended December 31, 2021 has been omitted from this Annual Report on Form 10-K, but may be

found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 28, 2023, which is available free of charge on the SEC’s website at [www.sec.gov](http://www.sec.gov) and on our investor relations website at [www.perficient.com](http://www.perficient.com).

### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

*Revenues.* Total revenues increased 0.2% to \$906.5 million for the year ended December 31, 2023 from \$905.1 million for the year ended December 31, 2022.

|                                | Financial Results<br>(in millions) |                 |  | Explanation for Increases<br>(Decreases) Over Prior Year<br>Period (in millions)                |  |
|--------------------------------|------------------------------------|-----------------|--|---|--|
|                                | Year Ended December 31,            |                 | Total<br>Increase<br>(Decrease)<br>Over Prior<br>Year Period | Increase<br>Attributable to<br>Revenue<br>Delivered by<br>Resources of<br>Acquired<br>Companies | Decrease<br>Attributable to<br>Revenue<br>Delivered by<br>Base Business<br>Resources |
|                                | 2023                               | 2022            |  |   |  |
| Services Revenues              | \$ 904.2                           | \$ 902.4        | \$ 1.8   | \$ 26.4   | \$ (24.6)  |
| Software and Hardware Revenues | 2.3                                | 2.7             | (0.4)  | —   | (0.4)  |
| <b>Total Revenues</b>          | <b>\$ 906.5</b>                    | <b>\$ 905.1</b> | <b>\$ 1.4</b>  | <b>\$ 26.4</b>  | <b>\$ (25.0)</b>   |

Services revenues increased 0.2% to \$904.2 million for the year ended December 31, 2023 from \$902.4 million for the year ended December 31, 2022. Services revenues delivered by base business resources decreased \$24.6 million. Services revenues delivered by resources of acquired companies was \$26.4 million, resulting in a total increase of \$1.8 million.

Software and hardware revenues decreased to \$2.3 million for the year ended December 31, 2023 from \$2.7 million for the year ended December 31, 2022.

*Total Cost of Revenues (cost of services, exclusive of depreciation and amortization, discussed separately below).* Total cost of revenues increased 4% to \$574.5 million for the year ended December 31, 2023 from \$552.7 million for the year ended December 31, 2022 primarily due to higher average headcount and higher benefit costs. Services costs as a percentage of services revenues increased to 63.5% for the year ended December 31, 2023 from 61.2% for the year ended December 31, 2022.

*Selling, General and Administrative.* SG&A expenses decreased 0.3% to \$170.6 million for the year ended December 31, 2023 from \$171.1 million for the year ended December 31, 2022. SG&A expenses, as a percentage of revenues, were 18.8% for each of the years ended December 31, 2023 and 2022.

| Selling, General and Administrative Expense<br>(in millions) | Year Ended December 31, |                 | Increase<br>(Decrease) | Percentage<br>Change |
|--|-------------------------|-----------------|------------------------|----------------------|
|  | 2023                    | 2022            |                        |                      |
| Salary expense, excluding sales salaries                     | \$ 45.8                 | \$ 44.0         | \$ 1.8                 | 4 %                  |
| Sales-related costs, including sales salaries                | 41.5                    | 39.4            | 2.1                    | 5 %                  |
| Office costs   | 14.9                    | 15.2            | (0.3)                  | (2)%                 |
| Stock compensation expense                                   | 18.4                    | 14.9            | 3.5                    | 23 %                 |
| Variable compensation expense                                | 3.9                     | 8.6             | (4.7)                  | (55)%                |
| Travel & entertainment                                       | 3.9                     | 2.6             | 1.3                    | 50 %                 |
| Benefits expense   | 12.4                    | 10.1            | 2.3                    | 23 %                 |
| IT/Infrastructure  | 11.7                    | 10.7            | 1.0                    | 9 %                  |
| Bad debt (recovery) expense                                  | (1.5)                   | 3.6             | (5.1)                  | (142)%               |
| Other  | 19.6                    | 22.0            | (2.4)                  | (11)%                |
| <b>Total</b>   | <b>\$ 170.6</b>         | <b>\$ 171.1</b> | <b>\$ (0.5)</b>        | <b>— %</b>           |

*Depreciation.* Depreciation expense increased 5% to \$9.0 million for the year ended December 31, 2023 from \$8.5 million for the year ended December 31, 2022. Depreciation expense as a percentage of revenues was 1.0% for the year ended December 31, 2023 and 0.9% for the year ended December 31, 2022.

*Amortization.* Amortization expense decreased 16% to \$20.6 million for the year ended December 31, 2023 from \$24.5 million for the year ended December 31, 2022. Amortization expense as a percentage of total revenues was 2.3% for the year ended December 31, 2023 and 2.7% for the year ended December 31, 2022. Amortization expense decreased primarily due to certain intangibles becoming fully amortized.

*Acquisition Costs.* Acquisition-related costs of \$0.8 million were incurred during 2023 primarily related to the acquisition of SMEDIX compared to \$3.7 million during 2022 primarily related to the acquisitions of Inflection Point Systems, Inc. (“Inflection Point”) and Ameex Technologies Corporation (“Ameex”). Costs were incurred for legal, accounting, tax, investment bank and advisor fees, and valuation services performed by third parties in connection with merger and acquisition-related activities.

*Adjustment to Fair Value of Contingent Consideration.* An adjustment of \$6.4 million was recorded to reduce the related liabilities during the year ended December 31, 2023 which represents the net fair market value adjustment to Inflection Point and Ameex revenue and earnings-based contingent consideration liabilities, net of accretion for Inflection Point and Ameex. An adjustment of \$0.3 million was recorded to increase the related liabilities during the year ended December 31, 2022 which represents the net impact of the fair market value adjustments to the Talos LLC, Talos Digital LLC, Talos Digital SAS and TCOMM SAS (“Talos”) and Izmul S.A. (“Overactive”) revenue and earnings-based contingent consideration liabilities, as well as accretion.

*Net Interest Expense.* Net interest expense decreased to \$0.4 million for the year ended December 31, 2023 from \$3.2 million for the year ended December 31, 2022. The decrease in net interest expense was primarily due to a \$2.7 million increase in interest income.

*Provision for Income Taxes.* We provide for federal, state, and foreign income taxes at the applicable statutory rates adjusted for non-deductible expenses. The effective income tax rate increased to 27.5% for the year ended December 31, 2023 from 25.9% for the year ended December 31, 2022. The increase in the effective rate is primarily due to a decrease in research credit benefit and an increase in the impact of stock compensation, partially offset by a decrease in the effect of acquisition costs compared to the prior year.

## Liquidity and Capital Resources

Selected measures of liquidity and capital resources are as follows (in millions):

|   | December 31, |          |          |
|---|--------------|----------|----------|
|   | 2023         | 2022     | 2021     |
| Cash, cash equivalents and restricted stock (1)                             | \$ 128.9     | \$ 30.1  | \$ 24.4  |
| Working capital (including cash, cash equivalents and restricted stock) (2) | \$ 247.5     | \$ 126.5 | \$ 94.8  |
| Amounts available under credit facilities                                   | \$ 300.0     | \$ 199.8 | \$ 199.8 |

(1) The balance at December 31, 2023 includes \$20.6 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated. We currently do not plan or foresee a need to repatriate such funds. The balance also includes \$1.8 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The balance at December 31, 2022 includes \$7.9 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated and includes \$7.8 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The balance at December 31, 2021 includes \$6.1 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated and includes \$5.2 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The Company’s restricted cash balance as of December 31, 2023 was \$0.2 million. There was no restricted cash balance as of December 31, 2022 or 2021.

(2) Working capital is total current assets less total current liabilities.

## Net Cash Provided by Operating Activities

Net cash provided by operating activities for the year ended December 31, 2023 was \$143.0 million compared to \$118.1 million for the year ended December 31, 2022. For the year ended December 31, 2023, the components of operating cash flows were net income of \$98.9 million plus net non-cash charges of \$42.5 million and net operating asset reductions of \$1.6 million. The primary components of operating cash flows for the year ended December 31, 2022 were net income of \$104.4 million plus net non-cash charges of \$51.5 million and net operating asset investments of \$37.8 million.

### ***Net Cash Used in Investing Activities***

During the year ended December 31, 2023, we used \$0.2 million for acquisitions and \$5.4 million to purchase property and equipment and to develop software. During the year ended December 31, 2022, we used \$71.9 million for acquisitions and \$9.9 million to purchase property and equipment and to develop software.

### ***Net Cash Used in Financing Activities***

For the year ended December 31, 2023, we used \$11.3 million to repurchase shares of our common stock through the stock repurchase program, used \$21.5 million to settle contingent consideration for the purchases of Overactive and Talos, used \$7.0 million to remit taxes withheld as part of a net share settlement of restricted stock vesting and paid \$0.8 million for credit facility financing fees. We also received proceeds from sales of stock through the Employee Stock Purchase Plan of \$1.0 million. For the year ended December 31, 2022, we drew down \$69.0 million from our line of credit, repaid \$69.0 million on our line of credit, used \$18.5 million to repurchase shares of our common stock through the stock repurchase program, and \$11.7 million to remit taxes withheld as part of a net share settlement of restricted stock vesting. We also received proceeds from sales of stock through the Employee Stock Purchase Plan of \$1.1 million.

### ***Availability of Funds from Credit Facility***

On March 29, 2023, the Company entered into a Second Amended and Restated Credit Agreement (the “2023 Credit Agreement”) with Wells Fargo Bank, National Association, as administrative agent and the other lenders parties thereto. The 2023 Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$300.0 million, subject to a commitment increase of \$75.0 million. All outstanding amounts owed under the 2023 Credit Agreement become due and payable no later than the final maturity date of March 29, 2028. As of December 31, 2023, there was no outstanding balance under the 2023 Credit Agreement. The Company incurred \$0.8 million of additional deferred finance fees during the year ended December 31, 2023.

The 2023 Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$10.0 million at any one time. Outstanding letters of credit reduce the credit available for revolving credit borrowings. As of December 31, 2023, there were no outstanding letters of credit. Substantially all of the Company’s assets are pledged to secure the credit facility.

Borrowings under the 2023 Credit Agreement bear interest at the Company’s option of the prime rate (8.50% on December 31, 2023) plus a margin ranging from 0.00% to 1.00% or one month Secured Overnight Financing Rate (“SOFR”) (5.40% on December 31, 2023) plus a margin ranging from 1.00% to 2.00%. The Company incurs an annual commitment fee of 0.15% to 0.20% on the unused portion of the line of credit. The additional margin amount and annual commitment fee are dependent on the level of outstanding borrowings. As of December 31, 2023, the Company had \$300.0 million of unused borrowing capacity.

At December 31, 2023, the Company was in compliance with all covenants under the 2023 Credit Agreement.

### ***Stock Repurchase Program***

The Company’s Board of Directors authorized the repurchase of up to \$375.0 million of Company common stock through a stock repurchase program expiring December 31, 2024. The program could be suspended or discontinued at any time based on market, economic, or business conditions. The timing and amount of repurchase transactions will be determined by management based on its evaluation of market conditions, share price, and other factors. Since the program’s inception on August 11, 2008, the Company has repurchased approximately \$291.1 million (16.5 million shares) of outstanding common stock through December 31, 2023.

From time to time, we establish a written trading plan in accordance with Rule 10b5-1 of the Exchange Act, pursuant to which we make a portion of our stock repurchases. Additional repurchases will be at times and in amounts as the Company

deems appropriate and will be made through open market transactions in compliance with Rule 10b-18 of the Exchange Act, subject to market conditions, applicable legal requirements, and other factors.

### **Cash Requirements from Contractual Obligations**

For the year ended December 31, 2023, there were no material changes outside the ordinary course of business in lease obligations or other contractual obligations. See Note 16, *Leases*, in the Notes to Consolidated Financial Statements for further description of our contractual obligations.

There were no balances outstanding under the Amended and Restated Credit Agreement (the “2021 Credit Agreement”) or the 2023 Credit Agreement as of December 31, 2023 and 2022. As of December 31, 2023, there were in aggregate \$396.9 million of outstanding Notes, net of unamortized issuance costs, compared to \$394.6 million as of December 31, 2022. The amounts are classified as “Long-term debt” within the Consolidated Balance Sheets as of December 31, 2023 and 2022. The 2026 Notes will become due and payable no later than the final maturity date of November 15, 2026. The 2025 Notes will become due and payable no later than the final maturity date of August 1, 2025.

We have incurred commitments to make future payments under contracts such as leases, the 2023 Credit Agreement and the Notes, as well as noncancellable purchase and other contractual obligations, which primarily relate to multi-year third-party software sales and internally used software, all of which have some inherent uncertainty as to the amount and timing of payments and were reflected on our Consolidated Balance Sheet as of December 31, 2023. Maturities under these contracts are set forth in the following table as of December 31, 2023 (in millions):

| <b>Contractual Obligations</b>                                      | <b>Payments Due by Period</b> |                             |                      |                      |                              |
|---|-------------------------------|-----------------------------|----------------------|----------------------|------------------------------|
|   | <b>Total</b>                  | <b>Less Than<br/>1 Year</b> | <b>1-3<br/>Years</b> | <b>3-5<br/>Years</b> | <b>More Than<br/>5 Years</b> |
| Operating lease obligations   | \$ 25.2                       | \$ 7.8                      | \$ 10.4              | \$ 6.2               | \$ 0.8                       |
| Total debt (1)  | 403.3                         | —                           | 403.3                | —                    | —                            |
| Purchase and other contractual obligations                          | 8.6                           | 4.9                         | 3.6                  | 0.1                  | —                            |
| Estimated fair value of contingent consideration liability (Note 9) | 4.5                           | 4.5                         | —                    | —                    | —                            |
| <b>Total</b>  | <b>\$ 441.6</b>               | <b>\$ 17.2</b>              | <b>\$ 417.3</b>      | <b>\$ 6.3</b>        | <b>\$ 0.8</b>                |

(1) Debt obligations include the principal amount of the Notes, but exclude interest payments to be made under the Notes.

### **Conclusion**

If our capital is insufficient to fund our activities in either the short- or long-term, we may need to raise additional funds. In the ordinary course of business, we may engage in discussions with various persons in connection with additional financing. If we raise additional funds through the issuance of equity securities, our existing stockholders’ percentage ownership will be diluted. These equity securities may also have rights superior to our common stock. Additional debt or equity financing may not be available when needed or on satisfactory terms. If adequate funds are not available on acceptable terms, we may be unable to expand our services, respond to competition, pursue acquisition opportunities, or continue our operations.

Of the total cash, cash equivalents and restricted cash reported on the Consolidated Balance Sheet as of December 31, 2023 of \$128.9 million, approximately \$20.6 million was held by certain foreign subsidiaries where the Company has considered the earnings to be indefinitely reinvested in those operations. The Company is able to fund its liquidity needs outside of these subsidiaries, primarily through cash flows generated by domestic operations and our credit facility. Therefore, the Company has no current plans to repatriate cash from these foreign subsidiaries in the foreseeable future. As of December 31, 2023, the aggregate unremitted earnings of the Company’s foreign subsidiaries for which a deferred income tax liability has not been recorded was approximately \$19.7 million, and the unrecognized deferred tax liability on unremitted earnings was approximately \$2.0 million. As of December 31, 2023, \$1.8 million of the total cash, cash equivalents and restricted cash was held by certain other foreign subsidiaries where the Company has determined that the earnings from these subsidiaries are not permanently reinvested and may repatriate available earnings from these subsidiaries from time to time.

We believe that our currently available funds, access to capital from our credit facility, and cash flows generated from operations will be sufficient to meet our working capital requirements and other capital needs for the next 12 months.

### **Critical Accounting Policies and Estimates**

Our accounting policies are fully described in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements. We believe our most critical accounting policies include revenue recognition, purchase accounting and related fair value measurements, convertible debt, and income taxes.

### *Revenue Recognition*

The Company's revenues consist of services and software and hardware sales. In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, revenues are recognized when control of services or goods are transferred to clients, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or goods.

Services revenues are primarily comprised of professional services that include developing, implementing, automating and extending business processes, technology infrastructure, and software applications. The Company's professional services span multiple industries, platforms and solutions; however, the Company has remained relatively diversified and does not believe that it has significant revenue concentration within any single industry, platform or solution.

Professional services revenues are recognized over time as services are rendered. Most projects are performed on a time and materials basis, while a portion of revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material contracts, revenues are generally recognized and invoiced by multiplying the number of hours expended in the performance of the contract by the hourly rates. For fixed fee contracts, revenues are generally recognized and invoiced by multiplying the fixed rate per time period established in the contract by the number of time periods elapsed. For fixed fee percent complete contracts, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours, and the client is invoiced according to the agreed-upon schedule detailing the amount and timing of payments in the contract.

Clients are typically billed monthly for services provided during that month but can be billed on a more or less frequent basis as determined by the contract. If the time is worked and approved at the end of a fiscal period and the invoice has not yet been sent to the client, the amount is recorded as revenue once the Company verifies all other revenue recognition criteria have been met, and the amount is classified as a receivable as the right to consideration is unconditional at that point. Amounts invoiced in excess of revenues recognized are contract liabilities, which are classified as deferred revenues in the Consolidated Balance Sheet. The term between invoicing and payment due date is not significant. Contracts for professional services provide for a general right, to the client or the Company, to cancel or terminate the contract within a given period of time (generally 10 to 30 days' notice is required). The client is responsible for any time and expenses incurred up to the date of cancellation or termination of the contract. Certain contracts may include volume discounts or holdbacks, which are accounted for as variable consideration, but are not typically significant. The Company estimates variable consideration based on historical experience and forecasted sales and includes the variable consideration in the transaction price.

Other services revenues are comprised of hosting fees, partner referral fees, maintenance agreements, training and internally developed software-as-a-service ("SaaS") sales. Revenues from hosting fees, maintenance agreements, training and internally developed SaaS sales are generally recognized over time using a time-based measure of progress as services are rendered. Partner referral fees are recorded at a point in time upon meeting specified requirements to earn the respective fee.

On many professional service projects, the Company is also reimbursed for out-of-pocket expenses including travel and other project-related expenses. These reimbursements are included as a component of the transaction price of the respective professional services contract and are invoiced as the expenses are incurred. The Company structures its professional services arrangements to recover the cost of reimbursable expenses without a markup.

Software and hardware revenues are comprised of third-party software and hardware resales, in which the Company is considered the agent, and sales of internally developed software, in which the Company is considered the principal. Third-party software and hardware revenues are recognized and invoiced when the Company fulfills its obligation to arrange the sale, which occurs when the purchase order with the vendor is executed and the customer has access to the software or the hardware has been shipped to the customer. Internally developed software revenues are recognized and invoiced when control is transferred to the customer, which occurs when the software has been made available to the customer and the license term has commenced. Revenues from third-party software and hardware sales are recorded on a net basis, while revenues from internally developed software sales are recorded on a gross basis. There are no significant cancellation or termination-type provisions for the Company's software and hardware sales, and the term between invoicing and payment due date is not significant.

Arrangements with clients may contain multiple promises such as delivery of software, hardware, professional services or post-contract support services. These promises are accounted for as separate performance obligations if they are distinct. For



arrangements with clients that contain multiple performance obligations, the transaction price is allocated to the separate performance obligations based on estimated relative standalone selling price, which is estimated by the expected cost plus a margin approach, taking into consideration market conditions and competitive factors. Because contracts that contain multiple performance obligations are typically short term due to the contract cancellation provisions, the allocation of the transaction price to the separate performance obligations is not considered a significant estimate.

Revenues are presented net of taxes assessed by governmental authorities. Sales taxes are generally collected and subsequently remitted on all software and hardware sales and certain services transactions as appropriate.

#### *Purchase Accounting and Related Fair Value Measurements*

The Company allocates the purchase price, including contingent consideration, of our acquisitions to the assets and liabilities acquired, including identifiable intangible assets, based on their respective fair values at the date of acquisition. Such fair market value assessments are primarily based on third-party valuations using assumptions developed by management that require significant judgments and estimates that can change materially as additional information becomes available. The purchase price allocated to intangibles is based on unobservable factors, including but not limited to, projected revenues, expenses, customer attrition rates, royalty rates, a weighted average cost of capital, among others. The weighted average cost of capital uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. The approach to valuing the initial contingent consideration associated with the purchase price also uses similar unobservable factors such as projected revenues and expenses over the term of the contingent earn-out period, discounted for the period over which the contingent consideration is measured, and volatility rates. Based upon these assumptions, the initial contingent consideration is then valued using a Monte Carlo simulation. The Company finalizes the purchase price allocation once certain initial accounting valuation estimates are finalized, and no later than 12 months following the acquisition date.

For acquisitions completed during the year ended December 31, 2022, key observable inputs included revenue growth rates, which ranged from 16% to 43%, and volatility rates, which were 9% for revenue and ranged 22% to 23% for earnings. An increase in future revenue and earnings may result in a higher estimated fair value while a decrease in future revenue and earnings may result in a lower estimated fair value of the contingent consideration liabilities. Remeasurements to fair value are recorded in adjustment to fair value of contingent consideration in the Consolidated Statements of Operations. Refer to Note 7, *Balance Sheet Components*, for the estimated fair value of the contingent consideration liabilities as of December 31, 2023 and 2022.

#### *Convertible Debt*

In accordance with accounting for debt with conversion and other options prior to the adoption of ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06") on January 1, 2022, the Company bifurcated the principal amount of the Notes into liability and equity components. The initial liability component of the Notes was valued based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance. The equity component representing the conversion option and calculated as the residual amount of the proceeds was recorded as an increase in additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect. The amount recorded within additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. Prior to 2022, the resulting debt discount was being amortized to interest expense using the effective interest method over the period from the issuance date through the contractual maturity date. Prior to 2022, the Company utilized the treasury stock method to calculate the effects of the Notes on diluted earnings per share.

In connection with the issuance of the Notes, the Company entered into the Notes Hedges with the Option Counterparties. The Notes Hedges provide the Company with the option to acquire, on a net settlement basis, shares of common stock equal to the number of shares of common stock that notionally underlie the Notes and corresponds to the conversion price of the Notes. If the Company elects cash settlement and exercises the Notes Hedges, the aggregate amount of cash received from the Option Counterparties will cover the aggregate amount of cash that the Company would be required to pay to the holders of the Notes, less the principal amount thereof. The Notes Hedges do not meet the criteria for separate accounting as a derivative as they are indexed to the Company's stock and are accounted for as freestanding financial instruments. The Notes Hedges were recorded as a reduction in additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect.

Additionally, in connection with the issuance of the Notes, the Company sold the Notes Warrants in privately negotiated transactions with the Option Counterparties. The strike price of the Notes Warrants is subject to certain adjustments

under the terms of the Notes Warrants. As a result of the Notes Warrants and related transactions, the Company is required to recognize incremental dilution of earnings per share to the extent the average share price is over the strike price of the Notes Warrants for any fiscal quarter. The Notes Warrants may be settled in net shares of common stock or net cash at the Company's election. The Notes Warrants were recorded as an increase in additional paid-in capital within stockholders' equity.

During the year ended December 31, 2021, the Company repurchased the remaining portion of the outstanding 2.375% Convertible Senior Notes due 2023 (the "2023 Notes"), which met the criteria to be accounted for as a debt extinguishment, and repurchased a portion of the outstanding 1.250% Convertible Senior Notes Due 2025 (the "2025 Notes"), which met the criteria to be accounted for as a debt extinguishment with an inducement charge. The consideration paid for the repurchases was allocated to the liability and equity components of the 2023 Notes and 2025 Notes based on the fair value of the liability component, which was determined utilizing an estimated discount rate for a similar liability with the same maturity, but without the conversion option. The consideration allocated to the equity component was calculated by deducting the fair value of the liability component from the aggregate consideration, excluding interest. The Company subsequently compared the allocated consideration with the carrying value of the liability component to record a loss on extinguishment, which included the proportionate amounts of unamortized debt discount and the remaining unamortized debt issuance costs. An inducement charge representing the difference between the fair value of the consideration delivered to the holders of the repurchased 2025 Notes and the fair value of the consideration issuable under the original conversion terms is included in Loss on extinguishment of debt in the accompanying Consolidated Statements of Operations.

In August 2020, the Financial Accounting Standards Board (the "FASB") issued ASU 2020-06, which simplifies the accounting for convertible instruments. The guidance removes certain accounting models that separate the embedded conversion features from the host contract for convertible instruments, requiring bifurcation only if the convertible debt feature qualifies as a derivative or for convertible debt issued at a substantial premium. The ASU removes certain settlement conditions required for equity contracts to qualify for the derivative scope exception, permitting more contracts to qualify for the exception. In addition, the guidance eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The ASU is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual periods. The ASU allows entities to use a modified or full retrospective transition method. Under the modified approach, entities will apply the guidance to all financial instruments that are outstanding as of the beginning of the year of adoption with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. Under the full retrospective method, entities will apply the guidance to all outstanding financial instruments for each prior reporting period presented. The Company adopted this ASU on January 1, 2022 under the modified retrospective method of transition. Upon adoption, the Company recorded a \$2.1 million cumulative-effect adjustment that increased the opening balance of retained earnings on the consolidated balance sheet, largely due to the reduction in non-cash interest expense associated with the historical separation of debt and equity components for the Company's convertible senior notes. The Company also recorded an increase to long-term debt, net of \$66.2 million, a net change in the deferred tax balance of \$16.8 million, and a decrease to additional paid-in capital of \$51.5 million due to no longer separating the embedded conversion feature of the Notes. Upon adoption, the Company's interest expense recognized has been reduced as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. This adoption did not have a material impact on the consolidated statement of cash flows. Upon adoption, the Company prospectively utilized the if-converted method to calculate the impact of convertible instruments on diluted earnings per share.

### *Income Taxes*

The Company calculates and provides for income taxes in each jurisdiction in which it operates. Deferred tax assets and liabilities, measured using enacted tax rates, are recognized for the future tax consequences of temporary differences between financial reporting and tax bases of assets and liabilities. A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized. The Company has established liabilities or reduced assets for uncertain tax positions when it believes those tax positions are not more likely than not of being sustained if challenged. The Company evaluates these uncertain tax positions and adjusts the related tax assets and liabilities in light of changing facts and circumstances each quarter.

### **Recent Accounting Pronouncements**

Recent accounting pronouncements are fully described in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risks related to changes in foreign currency exchange rates and interest rates. We believe our exposure to market risks is immaterial.

#### *Exchange Rate Sensitivity*

We are exposed to market risks associated with changes in foreign currency exchange rates because we generate a portion of our revenues and incur a portion of our expenses in currencies other than the U.S. dollar. As of December 31, 2023, we were exposed to changes in exchange rates between the U.S. dollar and eleven other currencies. We hedge material foreign currency exchange rate exposures when feasible using forward contracts. These instruments are subject to fluctuations in foreign currency exchange rates and credit risk. Credit risk is managed through careful selection and ongoing evaluation of the financial institutions utilized as counterparties. Refer to Note 14, *Derivatives*, in the Notes to Consolidated Financial Statements for further discussion.

#### *Interest Rate Sensitivity*

As of December 31, 2023, there was no outstanding balance and \$300.0 million of available borrowing capacity under our credit facility. To the extent we have outstanding borrowings under the credit facility, our interest expense will fluctuate as the interest rate for the line of credit floats based, at our option, on the prime rate plus a margin or the one-month SOFR rate plus a margin.

During the third quarter of 2020 and the fourth quarter of 2021, we issued the 2025 Notes and the 2026 Notes, respectively, which have a fixed interest rate of 1.250% and 0.125%, respectively. The fair value of the Notes may increase or decrease for various reasons, including fluctuations in the market price of our common stock, fluctuations in market interest rates and fluctuations in general economic conditions. Based upon the quoted market price as of December 31, 2023, the fair value of the 2025 Notes and 2026 Notes was approximately \$32.4 million and \$316.1 million, respectively.

We had unrestricted cash and cash equivalents totaling \$128.7 million at December 31, 2023 and \$30.1 million at December 31, 2022. The unrestricted cash and cash equivalents are primarily held for working capital purposes and acquisitions. We do not enter into investments for trading or speculative purposes.

**Item 8. Financial Statements and Supplementary Data.**

**PERFICIENT, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share information)

|  | <b>December 31,</b> |                   |
|--|---------------------|-------------------|
|  | <b>2023</b>         | <b>2022</b>       |
| <b>ASSETS</b>  |                     |                   |
| Current assets:  |                     |                   |
| Cash, cash equivalents and restricted cash   | \$ 128,886          | \$ 30,130         |
| Accounts receivable, net   | 178,998             | 202,298           |
| Prepaid expenses   | 5,638               | 6,432             |
| Other current assets   | 12,431              | 16,756            |
| <b>Total current assets</b>  | <b>325,953</b>      | <b>255,616</b>    |
| Property and equipment, net  | 11,996              | 17,970            |
| Operating lease right-of-use assets  | 21,786              | 27,088            |
| Goodwill   | 581,387             | 565,161           |
| Intangible assets, net   | 71,118              | 88,937            |
| Other non-current assets   | 52,364              | 41,116            |
| <b>Total assets</b>  | <b>\$ 1,064,604</b> | <b>\$ 995,888</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                     |                   |
| Current liabilities:   |                     |                   |
| Accounts payable   | \$ 18,688           | \$ 24,351         |
| Other current liabilities  | 59,784              | 104,780           |
| <b>Total current liabilities</b>   | <b>78,472</b>       | <b>129,131</b>    |
| Long-term debt, net  | 396,874             | 394,587           |
| Operating lease liabilities  | 16,446              | 18,528            |
| Other non-current liabilities  | 42,189              | 43,515            |
| <b>Total liabilities</b>   | <b>\$ 533,981</b>   | <b>\$ 585,761</b> |
| Commitments and contingencies (see Note 17)  |                     |                   |
| Stockholders' equity:  |                     |                   |
| Preferred stock (par value \$0.001 per share; 8,000,000 authorized; no shares issued or outstanding as of December 31, 2023 and December 31, 2022)   | \$ —                | \$ —              |
| Common stock (par value \$0.001 per share; 100,000,000 authorized; 53,465,127 shares issued and 34,174,200 shares outstanding as of December 31, 2023; 53,082,010 shares issued and 34,071,750 shares outstanding as of December 31, 2022) | 53                  | 53                |
| Additional paid-in capital   | 432,160             | 403,866           |
| Accumulated other comprehensive loss   | (5,461)             | (17,519)          |
| Treasury stock, at cost (19,290,927 shares as of December 31, 2023; 19,010,260 shares as of December 31, 2022)   | (373,325)           | (354,536)         |
| Retained earnings  | 477,196             | 378,263           |
| <b>Total stockholders' equity</b>  | <b>530,623</b>      | <b>410,127</b>    |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 1,064,604</b> | <b>\$ 995,888</b> |

*See accompanying notes to consolidated financial statements.*

**PERFICIENT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share information)

|   | <b>Year Ended December 31,</b> |                   |                  |
|---|--------------------------------|-------------------|------------------|
|   | <b>2023</b>                    | <b>2022</b>       | <b>2021</b>      |
| Revenues  | \$ 906,541                     | \$ 905,062        | \$ 761,027       |
| Total cost of revenues (cost of services, exclusive of depreciation and amortization, shown separately below) | 574,478                        | 552,703           | 468,813          |
| Selling, general, and administrative  | 170,555                        | 171,128           | 152,419          |
| Depreciation  | 8,968                          | 8,518             | 6,398            |
| Amortization  | 20,632                         | 24,518            | 23,453           |
| Acquisition costs   | 826                            | 3,653             | 3,814            |
| Adjustment to fair value of contingent consideration  | (6,438)                        | 267               | 198              |
| Income from operations  | <u>137,520</u>                 | <u>144,275</u>    | <u>105,932</u>   |
| Net interest expense  | 363                            | 3,154             | 14,052           |
| Loss on extinguishment of debt  | —                              | —                 | 28,996           |
| Net other expense   | 676                            | 160               | 401              |
| Income before income taxes  | <u>136,481</u>                 | <u>140,961</u>    | <u>62,483</u>    |
| Income tax provision  | <u>37,548</u>                  | <u>36,569</u>     | <u>10,392</u>    |
| Net income  | <u>\$ 98,933</u>               | <u>\$ 104,392</u> | <u>\$ 52,091</u> |
| Basic net income per share  | \$ 2.91                        | \$ 3.08           | \$ 1.62          |
| Diluted net income per share  | \$ 2.76                        | \$ 2.90           | \$ 1.50          |
| Shares used in computing basic net income per share   | 33,992                         | 33,869            | 32,202           |
| Shares used in computing diluted net income per share   | 36,711                         | 36,731            | 34,670           |

*See accompanying notes to consolidated financial statements.*

**PERFICIENT, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In thousands)

|   | <b>Year Ended December 31,</b> |                  |                  |
|---|--------------------------------|------------------|------------------|
|   | <b>2023</b>                    | <b>2022</b>      | <b>2021</b>      |
| Net income  | \$ 98,933                      | \$ 104,392       | \$ 52,091        |
| Other comprehensive (loss) income, net of reclassification adjustments and income taxes |                                |                  |                  |
| Foreign benefit plan, net of tax  | (268)                          | (307)            | (188)            |
| Foreign currency translation adjustment, net of tax                                     | 12,326                         | (11,369)         | (9,401)          |
| Comprehensive income  | <u>\$ 110,991</u>              | <u>\$ 92,716</u> | <u>\$ 42,502</u> |

*See accompanying notes to consolidated financial statements.*

**PERFICIENT, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(In thousands)

|  | Year Ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2023                    | 2022              | 2021              |
| <b>Common Stock</b>  |                         |                   |                   |
| Beginning of period  | \$ 53                   | \$ 53             | \$ 50             |
| Stock compensation related to restricted stock vesting and retirement savings plan contributions     | —                       | —                 | 3                 |
| End of period  | 53                      | 53                | 53                |
| <b>Additional Paid-in Capital</b>  |                         |                   |                   |
| Beginning of period  | 403,866                 | 423,235           | 459,866           |
| Proceeds from the sales of stock through the Employee Stock Purchase Plan                            | 975                     | 1,081             | 631               |
| Stock compensation related to restricted stock vesting and retirement savings plan contributions     | 27,319                  | 23,524            | 20,401            |
| Issuance of stock in conjunction with acquisitions including stock attributed to future compensation | —                       | 7,533             | 6,822             |
| Equity component of issuance of convertible notes, net of tax  | —                       | —                 | 49,332            |
| Debt issuance costs of convertible notes allocated to equity, net of tax                             | —                       | —                 | (1,394)           |
| Purchase of hedges related to issuance of convertible notes, net of tax                              | —                       | —                 | (49,308)          |
| Proceeds from issuance of warrants related to issuance of convertible notes                          | —                       | —                 | 23,408            |
| Equity component of repurchase of convertible notes, net of tax                                      | —                       | —                 | (407,084)         |
| Proceeds from sale of hedges related to repurchase of convertible notes                              | —                       | —                 | 381,290           |
| Purchases of warrants related to repurchase of convertible notes                                     | —                       | —                 | (303,896)         |
| Shares issued upon extinguishment of 2025 convertible notes  | —                       | —                 | 243,167           |
| Cumulative effect of accounting changes (See Note 2)   | —                       | (51,507)          | —                 |
| End of period  | 432,160                 | 403,866           | 423,235           |
| <b>Accumulated Other Comprehensive (Loss) Income</b>   |                         |                   |                   |
| Beginning of period  | (17,519)                | (5,843)           | 3,746             |
| Foreign benefit plan, net of tax   | (268)                   | (307)             | (188)             |
| Foreign currency translation adjustment, net of tax  | 12,326                  | (11,369)          | (9,401)           |
| End of period  | (5,461)                 | (17,519)          | (5,843)           |
| <b>Treasury Stock</b>  |                         |                   |                   |
| Beginning of period  | (354,536)               | (324,412)         | (289,225)         |
| Purchases of treasury stock and buyback of shares for taxes  | (18,364)                | (30,124)          | (35,187)          |
| Stock reacquired for escrow claim  | (425)                   | —                 | —                 |
| End of period  | (373,325)               | (354,536)         | (324,412)         |
| <b>Retained Earnings</b>   |                         |                   |                   |
| Beginning of period  | 378,263                 | 271,732           | 219,641           |
| Cumulative effect of accounting changes (See Note 2)   | —                       | 2,139             | —                 |
| Net income   | 98,933                  | 104,392           | 52,091            |
| End of period  | 477,196                 | 378,263           | 271,732           |
| <b>Total Stockholders' Equity</b>  | <b>\$ 530,623</b>       | <b>\$ 410,127</b> | <b>\$ 364,765</b> |

*See accompanying notes to consolidated financial statements.*

|   | <b>Year Ended December 31,</b> |               |               |
|---|--------------------------------|---------------|---------------|
|   | <b>2023</b>                    | <b>2022</b>   | <b>2021</b>   |
| <b>Common Stock, shares</b>   |                                |               |               |
| Beginning of period   | 34,072                         | 33,881        | 32,074        |
| Sales of stock through the Employee Stock Purchase Plan   | 15                             | 12            | 9             |
| Stock compensation related to restricted stock vesting and retirement savings plan contributions    | 373                            | 411           | 522           |
| Purchases of treasury stock and buyback of shares for taxes   | (281)                          | (356)         | (431)         |
| Issuance of stock in conjunction with acquisition including stock attributed to future compensation | —                              | 124           | 67            |
| Issuance of shares for repurchase of convertible notes  | —                              | —             | 1,640         |
| Stock reacquired for escrow claim   | (5)                            | —             | —             |
| End of period   | <u>34,174</u>                  | <u>34,072</u> | <u>33,881</u> |

*See accompanying notes to consolidated financial statements.*



**PERFICIENT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

|  | Year Ended December 31, |                  |                  |
|--|-------------------------|------------------|------------------|
|  | 2023                    | 2022             | 2021             |
| <b>OPERATING ACTIVITIES</b>  |                         |                  |                  |
| Net income   | \$ 98,933               | \$ 104,392       | \$ 52,091        |
| Adjustments to reconcile net income to net cash provided by operations:                    |                         |                  |                  |
| Depreciation   | 8,968                   | 8,518            | 6,398            |
| Amortization   | 20,632                  | 24,518           | 23,453           |
| Loss on extinguishment of debt   | —                       | —                | 28,996           |
| Deferred income taxes  | (10,950)                | (7,945)          | (12,662)         |
| Non-cash stock compensation and retirement savings plan contributions                      | 27,728                  | 24,068           | 21,554           |
| Amortization of debt issuance costs and discounts  | 2,501                   | 2,431            | 11,014           |
| Adjustment to fair value of contingent consideration for purchase of business              | (6,438)                 | 267              | 198              |
| Other  | —                       | (373)            | —                |
| Changes in operating assets and liabilities, net of acquisitions:                          |                         |                  |                  |
| Accounts receivable  | 23,610                  | (16,824)         | (34,451)         |
| Other assets   | 1,074                   | (7,426)          | (3,475)          |
| Accounts payable   | (5,779)                 | (2,737)          | 56               |
| Other liabilities  | (17,312)                | (10,821)         | (8,256)          |
| Net cash provided by operating activities  | <u>142,967</u>          | <u>118,068</u>   | <u>84,916</u>    |
| <b>INVESTING ACTIVITIES</b>  |                         |                  |                  |
| Purchase of property and equipment   | (4,439)                 | (8,955)          | (9,244)          |
| Capitalization of internally developed software costs                                      | (953)                   | (944)            | (960)            |
| Purchase of businesses, net of cash acquired   | (189)                   | (71,851)         | (108,848)        |
| Net cash used in investing activities  | <u>(5,581)</u>          | <u>(81,750)</u>  | <u>(119,052)</u> |
| <b>FINANCING ACTIVITIES</b>  |                         |                  |                  |
| Proceeds from issuance of convertible notes  | —                       | —                | 380,000          |
| Payment for convertible notes issuance costs   | —                       | —                | (10,540)         |
| Purchase of hedges related to issuance of convertible notes                                | —                       | —                | (66,120)         |
| Proceeds from issuance of warrants related to issuance of convertible notes                | —                       | —                | 23,408           |
| Payments for repurchase of convertible notes   | —                       | (46)             | (368,664)        |
| Proceeds from sale of hedges related to repurchase of convertible notes                    | —                       | 11               | 381,290          |
| Repurchase of warrants related to repurchase of convertible notes                          | —                       | —                | (303,896)        |
| Payment for credit facility financing fees   | (750)                   | —                | (633)            |
| Proceeds from line of credit   | —                       | 69,000           | 74,000           |
| Payments on line of credit   | —                       | (69,000)         | (74,000)         |
| Payment of contingent consideration for purchase of business                               | (21,530)                | —                | (24,128)         |
| Proceeds from the sale of stock through the Employee Stock Purchase Plan                   | 975                     | 1,081            | 631              |
| Purchases of treasury stock  | (11,348)                | (18,462)         | (21,724)         |
| Remittance of taxes withheld as part of a net share settlement of restricted stock vesting | (7,016)                 | (11,662)         | (13,463)         |
| Net cash used in financing activities  | <u>(39,669)</u>         | <u>(29,078)</u>  | <u>(23,839)</u>  |
| Effect of exchange rate on cash, cash equivalents and restricted cash                      | 1,039                   | (1,520)          | (819)            |
| Change in cash, cash equivalents and restricted cash                                       | <u>98,756</u>           | <u>5,720</u>     | <u>(58,794)</u>  |
| Cash, cash equivalents, and restricted cash at beginning of period                         | <u>30,130</u>           | <u>24,410</u>    | <u>83,204</u>    |
| Cash, cash equivalents and restricted cash at end of period                                | <u>\$ 128,886</u>       | <u>\$ 30,130</u> | <u>\$ 24,410</u> |
| <b>Supplemental disclosures:</b>   |                         |                  |                  |
| Cash paid for income taxes   | \$ 46,869               | \$ 39,974        | \$ 16,122        |
| Cash paid for interest   | \$ 927                  | \$ 1,034         | \$ 3,988         |
| <b>Non-cash activities:</b>  |                         |                  |                  |
| Stock issued for purchase of businesses (stock reacquired for escrow claim)                | \$ (425)                | \$ 7,168         | \$ 6,244         |
| Issuance of shares for repurchase of convertible notes                                     | \$ —                    | \$ —             | \$ 243,167       |
| Liability incurred for purchase of property and equipment                                  | \$ 190                  | \$ 3,765         | \$ 144           |

*See accompanying notes to consolidated financial statements.*

**PERFICIENT, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. Description of Business and Principles of Consolidation**

Perficient, Inc. (the “Company” or “Perficient”) is a global digital consultancy. Perficient’s work enables clients, primarily focused in North America, to deliver experiences that surpass customer expectations; become more human-centered, authentic, and trusted; innovate through digital technologies; outpace competition; grow and strengthen relationships with customers, suppliers, and partners; and reduce costs.

The Company is incorporated in Delaware. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

**2. Summary of Significant Accounting Policies**

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and such differences could be material to the financial statements.

**Revenue Recognition**

The Company recognizes revenues in accordance with Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*. See Note 3, *Revenues*, for information regarding the Company’s revenue recognition accounting policies.

**Allowance for Credit Losses**

The Company estimates its allowance for credit losses in accordance with ASC Topic 326, *Financial Instruments - Credit Losses*. See Note 8, *Allowance for Credit Losses*, for information regarding the Company’s accounting policies related to the allowance for credit losses.

**Stock-Based Compensation**

Stock-based compensation is accounted for in accordance with ASC Topic 718, *Compensation – Stock Compensation*. Under this guidance, the Company recognizes share-based compensation ratably using the straight-line attribution method over the requisite service period, which is generally three years. The fair value of restricted stock awards is based on the value of the Company’s common stock on the date of the grant.

**Income Taxes**

The Company accounts for income taxes in accordance with ASC Subtopic 740-10, *Income Taxes* (“ASC Subtopic 740-10”), and ASC Section 740-10-25, *Income Taxes – Recognition* (“ASC Section 740-10-25”). ASC Subtopic 740-10 prescribes the use of the asset and liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are subject to tests of recoverability. A valuation allowance is provided for such deferred tax assets to the extent realization is not judged to be more likely than not. ASC Section 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10-25 also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions.

**Cash, Cash Equivalents and Restricted Cash**

Cash and cash equivalents consist of all unrestricted cash balances and liquid investments with original maturities of three months or less.

Restricted cash consists of cash deposits which are restricted for settlement of medical claims. The Company's restricted cash balance as of December 31, 2023 was \$0.2 million. There was no restricted cash balance as of December 31, 2022 or 2021.

### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the useful lives of the assets (generally one year to seven years). Leasehold improvements are amortized over the shorter of the life of the lease or the estimated useful life of the assets.

### **Goodwill and Intangible Assets**

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other* (“ASC Topic 350”), the Company performs an annual impairment review in the fourth quarter and more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company has one reporting unit for purposes of the goodwill impairment review. ASC Topic 350 permits an assessment of qualitative factors to determine whether it is more likely than not that the fair value is less than the carrying amount of the Company before applying the quantitative goodwill impairment test. If it is more likely than not that the fair value is less than the carrying amount of the Company, the quantitative goodwill impairment test will be conducted to detect and measure any impairment. Based upon the Company's qualitative assessment, it is more likely than not that the fair value of the Company is greater than its carrying amount. No impairment charges were recorded for 2023, 2022 or 2021.

Other intangible assets include customer relationships, non-compete arrangements, trade names, customer backlog, and developed software, which are being amortized over the assets' estimated useful lives using the straight-line method. Estimated useful lives range from one year to 10 years. Amortization of customer relationships, non-compete arrangements, trade names, customer backlog, and developed software is considered an operating expense and is included in Amortization in the accompanying Consolidated Statements of Operations. The Company periodically reviews the estimated useful lives of its identifiable intangible assets, taking into consideration any events or circumstances that might result in a lack of recoverability or revised useful life. Other intangible assets are evaluated for impairment upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. No impairment of intangible assets was recorded for 2023, 2022 or 2021.

### **Purchase Accounting and Related Fair Value Measurements**

The Company allocates the purchase price, including contingent consideration, of its acquisitions to the assets and liabilities acquired, including identifiable intangible assets, based on their respective fair values at the date of acquisition. Such fair market value assessments are primarily based on third-party valuations using assumptions developed by management that require significant judgments and estimates that can change materially as additional information becomes available. The purchase price allocated to intangibles is based on unobservable factors, including but not limited to, projected revenues, expenses, customer attrition rates, royalty rates, and weighted average cost of capital, among others. The weighted average cost of capital uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. The approach to valuing the initial contingent consideration associated with the purchase price also uses similar unobservable factors such as projected revenues and expenses over the term of the contingent earn-out period, discounted for the period over which the initial contingent consideration is measured, and volatility rates. Based upon these assumptions, the contingent consideration is then valued using a Monte Carlo simulation. The Company finalizes the purchase price allocation once certain initial accounting valuation estimates are finalized, and no later than 12 months following the acquisition date.

### **Financial Instruments**

Cash equivalents, accounts receivable, accounts payable, and other accrued liabilities are stated at amounts which approximate fair value due to the near term maturities of these instruments. The Company's long-term debt balance related to its 1.250% Convertible Senior Notes Due 2025 (“2025 Notes”) and 0.125% Convertible Senior Notes Due 2026 (“2026 Notes”) and collectively with the 2025 Notes, the “Notes”) are carried at their principal amount less unamortized debt issuance costs, and are not carried at fair value at each period end. See Note 12, *Long-Term Debt*, for information regarding the Company's convertible debt accounting policies.

The Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of foreign currency exchange rate risk. Both the gain or loss on derivatives not designated as hedging instruments and the

offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. All derivatives are carried at fair value in the consolidated balance sheets. See Note 14, *Derivatives*, for additional information regarding the Company's derivative financial instruments.

### **Treasury Stock**

The Company uses the cost method to account for repurchases of its own stock.

### **Segment and Geographic Information**

See Note 18, *Segment and Geographic Information*.

### **Recent Accounting Pronouncements**

In August 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06"), which simplifies the accounting for convertible instruments. The guidance removes certain accounting models that separate the embedded conversion features from the host contract for convertible instruments, requiring bifurcation only if the convertible debt feature qualifies as a derivative or for convertible debt issued at a substantial premium. The ASU removes certain settlement conditions required for equity contracts to qualify for the derivative scope exception, permitting more contracts to qualify for the exception. In addition, the guidance eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The ASU is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual periods. The ASU allows entities to use a modified or full retrospective transition method. Under the modified approach, entities will apply the guidance to all financial instruments that are outstanding as of the beginning of the year of adoption with the cumulative effect recognized as an adjustment to the opening balance of retained earnings. Under the full retrospective method, entities will apply the guidance to all outstanding financial instruments for each prior reporting period presented. The Company adopted this ASU on January 1, 2022 under the modified retrospective method of transition. Upon adoption, the Company recorded a \$2.1 million cumulative-effect adjustment that increased the opening balance of retained earnings on the consolidated balance sheet, largely due to the reduction in non-cash interest expense associated with the historical separation of debt and equity components for the Notes described in Note 12, *Long-Term Debt*. The Company also recorded an increase to long-term debt, net of \$66.2 million, a net change in the deferred tax balance of \$16.8 million, and a decrease to additional paid-in capital of \$51.5 million due to no longer separating the embedded conversion feature of the Notes. Upon adoption, the Company's interest expense recognized has been reduced as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. This adoption did not have a material impact on the consolidated statement of cash flows. Upon adoption, the Company prospectively utilized the if-converted method to calculate the impact of convertible instruments on diluted earnings per share.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Subtopic 805)*, which requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, rather than adjust them to fair value at the acquisition date. The Company adopted this ASU on July 1, 2022 and determined the impact of the new guidance on its financial statements was immaterial.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280) Improvements To Reportable Segment Disclosures*, which requires additional disclosures about a public entity's reportable segments and addresses requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. The Company will adopt this ASU retrospectively for the annual period beginning on January 1, 2024 and for interim periods beginning on January 1, 2025.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740) Improvements To Income Tax Disclosures*, which requires additional disclosures of income tax components that affect the rate reconciliation and income taxes paid, broken out by the applicable taxing jurisdictions. The Company expects to adopt this ASU prospectively for the annual period beginning on January 1, 2025.

### **3. Revenues**

The Company's revenues consist of services and software and hardware sales. In accordance with ASC Topic 606, revenues are recognized when control of services or goods are transferred to clients, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or goods.

### *Services Revenues*

Services revenues are primarily comprised of professional services that include developing, implementing, automating and extending business processes, technology infrastructure, and software applications. The Company's professional services span multiple industries, platforms and solutions; however, the Company has remained relatively diversified and does not believe that it has significant revenue concentration within any single industry, platform or solution.

Professional services revenues are recognized over time as services are rendered. Most projects are performed on a time and materials basis, while a portion of revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material contracts, revenues are generally recognized and invoiced by multiplying the number of hours expended in the performance of the contract by the hourly rates. For fixed fee contracts, revenues are generally recognized and invoiced by multiplying the fixed rate per time period established in the contract by the number of time periods elapsed. For fixed fee percent complete contracts, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours, and the client is invoiced according to the agreed-upon schedule detailing the amount and timing of payments in the contract.

Clients are typically billed monthly for services provided during that month but can be billed on a more or less frequent basis as determined by the contract. If the time is worked and approved at the end of a fiscal period and the invoice has not yet been sent to the client, the amount is recorded as revenue once the Company verifies all other revenue recognition criteria have been met, and the amount is classified as a receivable as the right to consideration is unconditional at that point. Amounts invoiced in excess of revenues recognized are contract liabilities, which are classified as deferred revenues in the Consolidated Balance Sheet. The term between invoicing and payment due date is not significant. Contracts for professional services provide for a general right, to the client or the Company, to cancel or terminate the contract within a given period of time (generally 10 to 30 days' notice is required). The client is responsible for any time and expenses incurred up to the date of cancellation or termination of the contract. Certain contracts may include volume discounts or holdbacks, which are accounted for as variable consideration, but are not typically significant. The Company estimates variable consideration based on historical experience and forecasted sales and includes the variable consideration in the transaction price.

Other services revenues are comprised of hosting fees, partner referral fees, maintenance agreements, training and internally developed software-as-a-service ("SaaS") sales. Revenues from hosting fees, maintenance agreements, training and internally developed SaaS sales are generally recognized over time using a time-based measure of progress as services are rendered. Partner referral fees are recorded at a point in time upon meeting specified requirements to earn the respective fee.

On many professional service projects, the Company is also reimbursed for out-of-pocket expenses including travel and other project-related expenses. These reimbursements are included as a component of the transaction price of the respective professional services contract and are invoiced as the expenses are incurred. The Company structures its professional services arrangements to recover the cost of reimbursable expenses without a markup.

### *Software and Hardware Revenues*

Software and hardware revenues are comprised of third-party software and hardware resales, in which the Company is considered the agent, and sales of internally developed software, in which the Company is considered the principal. Third-party software and hardware revenues are recognized and invoiced when the Company fulfills its obligation to arrange the sale, which occurs when the purchase order with the vendor is executed and the customer has access to the software or the hardware has been shipped to the customer. Internally developed software revenues are recognized and invoiced when control is transferred to the customer, which occurs when the software has been made available to the customer and the license term has commenced. Revenues from third-party software and hardware sales are recorded on a net basis, while revenues from internally developed software sales are recorded on a gross basis. There are no significant cancellation or termination-type provisions for the Company's software and hardware sales, and the term between invoicing and payment due date is not significant.

Revenues are presented net of taxes assessed by governmental authorities. Sales taxes are generally collected and subsequently remitted on all software and hardware sales and certain services transactions as appropriate.

### *Arrangements with Multiple Performance Obligations*

Arrangements with clients may contain multiple promises such as delivery of software, hardware, professional services or post-contract support services. These promises are accounted for as separate performance obligations if they are distinct. For arrangements with clients that contain multiple performance obligations, the transaction price is allocated to the separate

performance obligations based on estimated relative standalone selling price, which is estimated by the expected cost plus a margin approach, taking into consideration market conditions and competitive factors. Because contracts that contain multiple performance obligations are typically short term due to the contract cancellation provisions, the allocation of the transaction price to the separate performance obligations is not considered a significant estimate.

#### *Contract Costs*

In accordance with the terms of the Company's sales commission plan, commissions are not earned until the related revenue is recognized. Therefore, sales commissions are expensed as they are earned. Certain sales incentives are accrued based on achievement of specified bookings goals. For these incentives, the Company applies the practical expedient that allows the Company to expense the incentives as incurred, since the amortization period would have been one year or less.

#### *Deferred Revenue*

The Company's deferred revenue balance as of December 31, 2023 and 2022 was \$5.5 million and \$12.7 million, respectively. Substantially all of the December 31, 2022 deferred revenue balance was recognized in revenue during the year ended December 31, 2023.

#### *Transaction Price Allocated to Remaining Performance Obligations*

Due to the ability of the client or the Company to cancel or terminate the contract within a given period of time (generally 10 to 30 days' notice is required), the majority of the Company's contracts have a term of less than one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original maturity date of one year or less or time and materials contracts for which the Company has the right to invoice for services performed. Revenue related to unsatisfied performance obligations for remaining contracts as of December 31, 2023 was immaterial.

#### *Disaggregation of Revenue*

The following tables present revenue disaggregated by revenue source and pattern of revenue recognition (in millions):

|                                      | <b>Year Ended December 31, 2023</b> |                      |                       |
|--------------------------------------|-------------------------------------|----------------------|-----------------------|
|                                      | <b>Over Time</b>                    | <b>Point In Time</b> | <b>Total Revenues</b> |
| Time and materials contracts         | \$ 668.7                            | \$ —                 | \$ 668.7              |
| Fixed fee percent complete contracts | 56.9                                | —                    | 56.9                  |
| Fixed fee contracts                  | 159.8                               | —                    | 159.8                 |
| Reimbursable expenses                | 11.3                                | —                    | 11.3                  |
| Total professional services fees     | 896.7                               | —                    | 896.7                 |
| Other services revenue*              | 5.7                                 | 1.8                  | 7.5                   |
| Total services                       | 902.4                               | 1.8                  | 904.2                 |
| Software and hardware                | —                                   | 2.3                  | 2.3                   |
| Total revenues                       | <u>\$ 902.4</u>                     | <u>\$ 4.1</u>        | <u>\$ 906.5</u>       |

\* Other services revenue primarily consists of hosting fees, maintenance, training, internally developed SaaS and partner referral fees.

|                                      | Year Ended December 31, 2022 |               |                |
|--------------------------------------|------------------------------|---------------|----------------|
|                                      | Over Time                    | Point In Time | Total Revenues |
| Time and materials contracts         | \$ 696.0                     | \$ —          | \$ 696.0       |
| Fixed fee percent complete contracts | 52.2                         | —             | 52.2           |
| Fixed fee contracts                  | 135.0                        | —             | 135.0          |
| Reimbursable expenses                | 9.4                          | —             | 9.4            |
| Total professional services fees     | 892.6                        | —             | 892.6          |
| Other services revenue*              | 7.7                          | 2.1           | 9.8            |
| Total services                       | 900.3                        | 2.1           | 902.4          |
| Software and hardware                | —                            | 2.7           | 2.7            |
| Total revenues                       | \$ 900.3                     | \$ 4.8        | \$ 905.1       |

|                                      | Year Ended December 31, 2021 |               |                |
|--------------------------------------|------------------------------|---------------|----------------|
|                                      | Over Time                    | Point In Time | Total Revenues |
| Time and materials contracts         | \$ 577.7                     | \$ —          | \$ 577.7       |
| Fixed fee percent complete contracts | 49.1                         | —             | 49.1           |
| Fixed fee contracts                  | 107.7                        | —             | 107.7          |
| Reimbursable expenses                | 10.7                         | —             | 10.7           |
| Total professional services fees     | 745.2                        | —             | 745.2          |
| Other services revenue*              | 11.3                         | 2.2           | 13.5           |
| Total services                       | 756.5                        | 2.2           | 758.7          |
| Software and hardware                | —                            | 2.3           | 2.3            |
| Total revenues                       | \$ 756.5                     | \$ 4.5        | \$ 761.0       |

\* Other services revenue primarily consists of hosting fees, maintenance, training, internally developed SaaS and partner referral fees.

The following table presents revenue disaggregated by geographic area, as determined by the billing address of customers (in millions):

|                 | Year Ended December 31, |          |          |
|-----------------|-------------------------|----------|----------|
|                 | 2023                    | 2022     | 2021     |
| United States   | \$ 873.1                | \$ 875.3 | \$ 738.3 |
| Other countries | 33.4                    | 29.8     | 22.7     |
| Total revenues  | \$ 906.5                | \$ 905.1 | \$ 761.0 |

#### 4. Concentration of Credit Risk and Significant Customers

Cash and accounts receivable potentially expose the Company to concentrations of credit risk. Cash is placed with highly rated financial institutions. The Company provides credit, in the normal course of business, to its customers. The Company generally does not require collateral or up-front payments. The Company performs periodic credit evaluations of its customers and maintains allowances for potential credit losses. Customers can be denied access to services in the event of non-payment. During 2023, a substantial portion of the services the Company provided were built on Adobe, Microsoft, IBM, Salesforce, Sitecore and Oracle platforms, among others, and a significant number of the Company's clients are identified through joint selling opportunities conducted with and through sales leads obtained from the relationships with these vendors. Due to the Company's significant fixed operating expenses, the loss of sales to any significant customer could negatively impact net income and cash flow from operations. However, the Company has remained relatively diversified, with its largest customer only representing approximately 7% of total revenues for the year ended December 31, 2023, 5% of total revenues for the year ended December 31, 2022, and 4% of total revenues for the year ended December 31, 2021.

## 5. Stock-Based Compensation

Stock-based compensation is accounted for in accordance with ASC Topic 718, *Compensation – Stock Compensation*. Under this guidance, the Company recognizes share-based compensation ratably using the straight-line attribution method over the requisite service period, which is generally three years. The fair value of restricted stock awards is based on the value of the Company's common stock on the date of the grant.

The Company's Third Amended and Restated Perficent, Inc. 2012 Long Term Incentive Plan (as amended, the "Incentive Plan") allows for the granting of various types of stock awards to eligible individuals. The Compensation Committee of the Board of Directors administers the Incentive Plan and determines the terms of all stock awards made under the Incentive Plan. The Company may issue stock awards of up to 8.5 million shares of Common Stock pursuant to the Incentive Plan. As of December 31, 2023, there were 2.0 million shares of Common Stock available for issuance under the Incentive Plan.

The Company recognized \$28.3 million, \$24.6 million and \$23.1 million of share-based compensation expense during 2023, 2022 and 2021, respectively, which included \$4.6 million, \$4.4 million and \$4.0 million of expense for retirement savings plan contributions, respectively. The associated current and future income tax benefit recognized during 2023, 2022 and 2021 was \$7.8 million, \$6.4 million and \$3.8 million, respectively.

### Restricted Stock Awards ("RSAs")

Restricted stock activity for the year ended December 31, 2023 was as follows (in thousands, except fair value information):

|  | RSAs<br>(Shares) | Weighted-<br>Average<br>Grant Date<br>Fair Value |
|--|------------------|--|
| Restricted stock awards outstanding at December 31, 2022 | 616              | \$ 72.02   |
| Awards granted (1)                                       | 449              | \$ 64.74   |
| Awards vested (2)  | (307)            | \$ 64.29   |
| Awards forfeited   | (44)             | \$ 71.43   |
| Restricted stock awards outstanding at December 31, 2023 | <u>714</u>       | <u>\$ 70.80</u>                                  |

- (1) The weighted average grant date fair value of shares granted during 2022 and 2021 was \$75.76 and \$76.48, respectively.
- (2) The total fair value of restricted shares vested during the years ended December 31, 2023, 2022 and 2021 was \$19.7 million, \$32.0 million and \$44.1 million, respectively.

As of December 31, 2023, there was \$36.7 million of total unrecognized compensation cost related to non-vested restricted stock awards. This cost is expected to be recognized over a weighted-average period of two years. Restricted stock awards generally vest over a three-year service period.

### Performance Stock Awards ("PSAs")

The Company also grants PSAs under the Incentive Plan with terms determined at the discretion of the compensation committee of the Company's Board of Directors. The actual number of PSAs that will be eligible to vest is based on the achievement of a relative total shareholder return ("TSR") target as compared to the TSR realized by each of the companies comprising the Nasdaq Composite Index over a three-year period. The PSAs vest at the end of the TSR measurement period, and up to 100% of the target number of shares subject to each PSA are eligible to be earned. During the twelve months ended December 31, 2023, the Company awarded 10,842 PSAs with a fair market value of \$80.90 per share. PSA related stock-based compensation cost recognized for the twelve months ended December 31, 2023 was \$0.1 million.

The Company estimated the grant date fair value of the PSAs using a Monte Carlo simulation model that included the following assumptions:



**Year Ended December 31, 2023**

|                         |         |
|-------------------------|---------|
| Valuation assumptions:  |         |
| Expected dividend yield | —       |
| Expected volatility     | 52.37 % |
| Expected term (years)   | 3.44    |
| Risk-free interest rate | 4.45 %  |

As of December 31, 2023, there was \$0.7 million of total unrecognized compensation cost related to unvested PSAs, expected to be recognized over a period of three years.

### **Employee Stock Purchase Plan**

The Employee Stock Purchase Plan (the “ESPP”) is a broadly-based stock purchase plan in which any eligible employee may elect to participate by authorizing the Company to make payroll deductions in a specific amount or designated percentage to pay the exercise price of an option. In no event will the ESPP permit an employee to purchase common stock with a fair market value in excess of \$25,000 in any calendar year. During the year ended December 31, 2023, 14,612 shares were purchased under the ESPP.

There are four three-month offering periods in each calendar year beginning on January 1, April 1, July 1, and October 1, respectively. The purchase price of shares offered under the ESPP is an amount equal to 95% of the fair market value of the common stock on the date of purchase (occurring on, respectively, March 31, June 30, September 30, and December 31). The ESPP is designed to comply with Section 423 of the Internal Revenue Code of 1986, as amended (the “Code”), and thus is eligible for the favorable tax treatment afforded by Section 423.

### **6. Net Income Per Share**

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share includes the weighted average number of common shares outstanding and the number of equivalent shares which would be issued related to unvested restricted stock, warrants, and acquisition consideration using the treasury method, unless such additional equivalent shares are anti-dilutive. Upon adoption of ASU 2020-06 on January 1, 2022, the Company prospectively utilized the if-converted method to calculate the impact of convertible instruments on diluted earnings per share.

The following table presents the calculation of basic and diluted net income per share (in thousands, except per share information):

|  | <b>Year Ended December 31,</b> |             |             |
|--|--------------------------------|-------------|-------------|
|  | <b>2023</b>                    | <b>2022</b> | <b>2021</b> |
| Net income   | \$ 98,933                      | \$ 104,392  | \$ 52,091   |
| Add back interest expense on convertible notes, net of tax (1) | 2,213                          | 2,261       | —           |
| Net income, diluted  | \$ 101,146                     | \$ 106,653  | \$ 52,091   |
| <b>Basic:</b>  |                                |             |             |
| Weighted-average shares of common stock outstanding            | 33,992                         | 33,869      | 32,202      |
| Shares used in computing basic net income per share            | 33,992                         | 33,869      | 32,202      |
| <b>Effect of dilutive securities:</b>                          |                                |             |             |
| Restricted stock subject to vesting                            | 139                            | 270         | 559         |
| Shares issuable for conversion of convertible senior notes (1) | 2,430                          | 2,422       | 1,564       |
| Shares issuable for acquisition consideration (2)              | 150                            | 50          | 198         |
| Shares issuable for exercise of warrants                       | —                              | 120         | 147         |
| Shares used in computing diluted net income per share          | 36,711                         | 36,731      | 34,670      |
| Basic net income per share                                     | \$ 2.91                        | \$ 3.08     | \$ 1.62     |
| Diluted net income per share                                   | \$ 2.76                        | \$ 2.90     | \$ 1.50     |

- Upon adoption of ASU 2020-06 on January 1, 2022, the Company prospectively utilized the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. Prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method.
- For the year ended December 31, 2023, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with Zeon Solutions Incorporated and certain related entities (collectively, “Zeon”); (ii) the Asset Purchase Agreement with Catalyst Networks, Inc. (“Brainjocks”); (iii) the Stock Purchase Agreement with the shareholders of Productora de Software S.A.S. (“PSL”); (iv) the Purchase Agreement with Talos LLC, Talos Digital LLC, Talos Digital SAS and TCOMM SAS (“Talos”); (v) the Stock Purchase Agreement with the shareholders of Izmul S.A. (“Overactive”); (vi) the Stock Purchase Agreement with the shareholders of Inflection Point Systems, Inc. (“Inflection Point”); and (vii) the Purchase Agreement with Ameex Technologies Corporation (“Ameex”), as part of the consideration. For the year ended December 31, 2022, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with Zeon; (ii) the Asset Purchase Agreement with Brainjocks; (iii) the Stock Purchase Agreement with the shareholders of PSL; (iv) the Purchase Agreement with Talos; (v) the Stock Purchase Agreement with the shareholders of Overactive; (vi) the Purchase Agreement with Inflection Point; and (vii) the Purchase Agreement with Ameex, as part of the consideration. For the year ended December 31, 2021, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with Zeon; (ii) the Asset Purchase Agreement with MedTouch LLC; (iii) the Asset Purchase Agreement with Brainjocks; (iv) the Stock Purchase Agreement with the shareholders of PSL; (v) the Purchase Agreement with Talos; and (vi) the Stock Purchase Agreement with the shareholders of Overactive, as part of the consideration.

The number of anti-dilutive securities not included in the calculation of diluted net income per share were as follows (in thousands):

|  | <b>Year Ended December 31,</b> |             |             |
|--|--------------------------------|-------------|-------------|
|  | <b>2023</b>                    | <b>2022</b> | <b>2021</b> |
| Restricted stock subject to vesting                          | 177                            | 110         | —           |
| Convertible senior notes                                     | —                              | —           | 1,980       |
| Warrants related to the issuance of convertible senior notes | 2,431                          | 2,084       | 1,980       |
| Total anti-dilutive securities                               | 2,608                          | 2,194       | 3,960       |

See Note 12, *Long-term Debt*, for further information on the convertible senior notes and warrants related to the issuance of convertible notes.

The Company's Board of Directors authorized the repurchase of up to \$375.0 million of Company common stock through a stock repurchase program expiring December 31, 2024. The program could be suspended or discontinued at any time, based on market, economic, or business conditions. The timing and amount of repurchase transactions will be determined by management based on its evaluation of market conditions, share price, and other factors. Since the program's inception on August 11, 2008, the Company has repurchased approximately \$291.1 million (16.5 million shares) of outstanding common stock through December 31, 2023.

## 7. Balance Sheet Components

|   | December 31,    |                 |
|---|-----------------|-----------------|
|   | 2023            | 2022            |
| (In millions)   |                 |                 |
| <b>Accounts receivable:</b>   |                 |                 |
| Billed accounts receivable, net                                     | \$ 119.9        | \$ 134.5        |
| Unbilled revenues, net  | 59.1            | 67.8            |
| <b>Total</b>  | <b>\$ 179.0</b> | <b>\$ 202.3</b> |
| <b>Other current assets:</b>  |                 |                 |
| Miscellaneous receivables   | \$ 3.1          | \$ 2.9          |
| Contractual commitment asset  | 3.0             | 0.9             |
| Income tax receivable   | 2.7             | 9.2             |
| Other current assets  | 3.6             | 3.8             |
| <b>Total</b>  | <b>\$ 12.4</b>  | <b>\$ 16.8</b>  |
| <b>Property and equipment:</b>                                      |                 |                 |
| Computer hardware (useful life of 3 years)                          | \$ 26.7         | \$ 26.3         |
| Furniture and fixtures (useful life of 5 years)                     | 4.5             | 4.7             |
| Leasehold improvements (useful life of 5 years)                     | 7.8             | 7.7             |
| Software (useful life of 1 to 7 years)                              | 9.2             | 11.9            |
| Less: Accumulated depreciation                                      | (36.2)          | (32.6)          |
| <b>Total</b>  | <b>\$ 12.0</b>  | <b>\$ 18.0</b>  |
| <b>Other non-current assets:</b>                                    |                 |                 |
| Non-current unbilled revenue  | \$ 2.2          | \$ 1.6          |
| Company owned life insurance ("COLI") asset                         | 12.6            | 10.5            |
| Long term deposits  | 1.8             | 1.9             |
| Credit facility deferred finance fees, net                          | 1.0             | 0.5             |
| Other non-current assets  | 13.2            | 8.5             |
| Deferred income taxes   | 21.6            | 18.1            |
| <b>Total</b>  | <b>\$ 52.4</b>  | <b>\$ 41.1</b>  |
| <b>Other current liabilities:</b>                                   |                 |                 |
| Accrued variable compensation                                       | \$ 15.9         | \$ 21.1         |
| Deferred revenues   | 5.5             | 12.7            |
| Estimated fair value of contingent consideration liability (Note 9) | 4.5             | 32.7            |
| Current operating lease liabilities                                 | 7.0             | 10.3            |
| Payroll related costs   | 11.1            | 8.9             |
| Professional fees   | 1.3             | 2.2             |
| Accrued medical claims expense                                      | 3.2             | 2.9             |
| Accrued IT expenses   | 5.0             | 4.3             |
| Other current liabilities   | 6.3             | 9.7             |
| <b>Total</b>  | <b>\$ 59.8</b>  | <b>\$ 104.8</b> |

**December 31,****2023**      **2022**

(In millions)

**Other non-current liabilities:**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Deferred income taxes               | \$ 5.9         | \$ 8.7         |
| Other non-current liabilities       | 5.0            | 5.9            |
| Reserve for uncertain tax positions | 17.7           | 17.5           |
| Non-current software accrual        | 2.6            | 2.1            |
| Deferred compensation liability     | 11.0           | 9.3            |
| Total                               | <u>\$ 42.2</u> | <u>\$ 43.5</u> |

**8. Allowance for Credit Losses**

In accordance with ASC Topic 326, *Financial Instruments - Credit Losses*, the Company evaluates its allowance based on expected losses rather than incurred losses, which is known as the current expected credit loss model. The allowance is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

Activity in the allowance for credit losses is summarized as follows for the years presented (in millions):

|                                       | <b>Year Ended December 31,</b> |               |               |
|---------------------------------------|--------------------------------|---------------|---------------|
|                                       | <b>2023</b>                    | <b>2022</b>   | <b>2021</b>   |
| Balance at January 1                  | \$ 5.8                         | \$ 2.9        | \$ 1.1        |
| Charges to expense, net of recoveries | (1.5)                          | 3.6           | 1.8           |
| Other (1)                             | (1.8)                          | (0.7)         | —             |
| Balance at December 31                | <u>\$ 2.5</u>                  | <u>\$ 5.8</u> | <u>\$ 2.9</u> |

(1) Other is primarily related to uncollected balances written off, business acquisitions and currency translation adjustments.

**9. Business Combinations**2022 Acquisitions

On October 11, 2022, the Company acquired all of the outstanding capital stock of Ameex. Ameex is a digital experience consultancy headquartered in Schaumburg, Illinois, with offshore operations located in Chennai, India. The acquisition of Ameex strengthened the Company's global delivery capabilities, enhanced agile software design, and further expanded our operations in India. Ameex added more than 400 professionals and strategic client relationships across several industries. The Company's total allocable purchase price consideration was \$35.5 million, net of cash acquired. The Company incurred approximately \$1.7 million in transaction costs, which were expensed when incurred. The goodwill is non-deductible for tax purposes.

On September 7, 2022, the Company acquired all of the outstanding capital stock of Inflection Point. Inflection Point is a software consulting and product development firm with nearshore operations based in Monterrey, Mexico, and headquarters in Columbia, Maryland. The acquisition of Inflection Point strengthened the Company's nearshore delivery capacity, enhanced our digital capabilities, and further expanded our operations across Latin America. Inflection Point added more than 200 professionals and strategic client relationships with customers across several industries. The Company's total allocable purchase price consideration was \$54.0 million, net of cash acquired. The Company incurred approximately \$1.6 million in transaction costs, which were expensed when incurred. The goodwill is non-deductible for tax purposes.

The acquisition date fair value of the consideration for the 2022 acquisitions consisted of the following (in millions):

|   | Ameex          | Inflection Point |
|---|----------------|------------------|
| Cash, net of cash acquired                          | \$ 26.1        | \$ 44.6          |
| Company common stock issued at closing              | 4.2            | 3.0              |
| Contingent consideration (1)                        | 4.3 (2)        | 6.6 (3)          |
| Net working capital adjustment due to the seller(s) | 0.9            | (0.2)            |
| Total allocable purchase price consideration        | <u>\$ 35.5</u> | <u>\$ 54.0</u>   |

- (1) Represents the initial fair value estimate of additional revenue and earnings-based contingent consideration, which may be realized by the sellers 12 months after the applicable closing date of the acquisition.
- (2) The maximum cash payout that may be realized by the sellers in the Ameex acquisition is \$5.7 million. As of December 31, 2023, the fair value of the contingent consideration was \$4.0 million. The Company recorded a pre-tax adjustment to reduce the liability in “Adjustment to fair value of contingent consideration” on the Consolidated Statements of Operations of \$0.4 million during the year ended December 31, 2023.
- (3) The maximum cash payout that may be realized by the sellers in the Inflection Point acquisition is \$13.0 million. As of December 31, 2023, the fair value of the contingent consideration was \$0.5 million. The Company recorded a pre-tax adjustment to reduce the liability in “Adjustment to fair value of contingent consideration” on the Consolidated Statements of Operations of \$6.2 million during the year ended December 31, 2023.

The Company has allocated of the total purchase price consideration between tangible assets, identified intangible assets, liabilities, and goodwill as follows (in millions):

|                                | Ameex          | Inflection Point |
|--------------------------------|----------------|------------------|
| Acquired tangible assets       | \$ 6.5         | \$ 3.3           |
| Identified intangible assets   | 13.2           | 20.1             |
| Liabilities assumed            | (6.0)          | (10.5)           |
| Goodwill                       | 21.8           | 41.1             |
| Total allocable purchase price | <u>\$ 35.5</u> | <u>\$ 54.0</u>   |

The following table presents details of the intangible assets acquired during the year ended December 31, 2023 (dollars in millions).

|                                  | Weighted Average Useful Life | Estimated Useful Life | Aggregate acquisitions |
|----------------------------------|------------------------------|-----------------------|------------------------|
| Customer relationships           | 10 years                     | 10 years              | \$ 29.9                |
| Customer backlog                 | 1 year                       | 1 year                | 2.8                    |
| Non-compete agreements           | 5 years                      | 5 years               | 0.3                    |
| Trade name                       | 1 year                       | 1 year                | 0.3                    |
| Total acquired intangible assets |                              |                       | <u>\$ 33.3</u>         |

As the Company completed its evaluation of the acquired assets and assumed liabilities of Ameex and Inflection Point, the Company recorded certain adjustments during the measurement period based on facts and circumstances that existed as of acquisition date. The measurement period adjustments for Ameex and Inflection Point were not material.

### 2021 Acquisitions

On September 8, 2021, the Company acquired substantially all of the assets of Talos LLC and Talos Digital LLC, each a Delaware limited liability company, and a wholly-owned subsidiary of the Company acquired all of the outstanding capital stock of Talos Digital SAS and TCOMM SAS, each a simplified stock company organized under the laws of the Republic of Colombia (collectively, “Talos”). Talos is a digital transformation consultancy based in Miami, Florida with nearshore delivery centers in Medellin, Colombia. The acquisition of Talos strengthened the Company’s global delivery capabilities, and enhanced its nearshore systems and commerce and custom developed solutions customers. Talos added more than 180 professionals and strategic client relationships with customers across several industries. The Company's total allocable purchase price

consideration was \$27.8 million, net of cash acquired. The Company incurred approximately \$1.1 million in transaction costs, which were expensed when incurred. The amount of goodwill deductible for tax purposes is \$15.7 million.

On October 15, 2021, a wholly-owned subsidiary of the Company acquired Overactive pursuant to the terms of a Stock Purchase Agreement. Overactive is based in Montevideo, Uruguay with nearshore delivery centers in Colombia, Argentina, Uruguay, Chile and Puerto Rico. The acquisition of Overactive expanded the Company’s digital modernization solution services. Overactive added nearly 700 professionals and strategic client relationships with customers across several industries and expanded the Company’s operations in Latin America. The Company’s total allocable purchase price consideration was \$110.3 million, net of cash acquired. The Company incurred approximately \$2.5 million in transaction costs, which were expensed when incurred. The goodwill is non-deductible for tax purposes.

The results of the 2021 and 2022 acquisitions’ operations have been included in the Company’s consolidated financial statements since the respective acquisition dates.

### Pro-forma Results of Operations

The following presents the unaudited pro-forma combined results of operations of the Company with Overactive for the year ended December 31, 2021 after giving effect to certain pro-forma adjustments and assuming Overactive was acquired as of the beginning of 2020. These unaudited pro-forma results include adjustments for Overactive from January 1, 2020 through December 31, 2021. Pro-forma results of operations have not been presented for Talos, Inflection Point, or Ameer because the effect of these acquisitions on the Company’s consolidated financial statements were not material individually or in the aggregate.

These unaudited pro-forma results are presented in compliance with the adoption of ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*, and are not necessarily indicative of the actual consolidated results of operations had the acquisition of Overactive actually occurred on January 1, 2020 or of future results of operations of the consolidated entities (in millions except per share data):

|   | <b>Year Ended<br/>December 31,<br/>2021</b> |
|---|---|
| Revenues  | \$ 794.2                                    |
| Net income  | \$ 52.6                                     |
| Basic net income per share                            | \$ 1.63                                     |
| Diluted net income per share                          | \$ 1.52                                     |
| Shares used in computing basic net income per share   | 32.2  |
| Shares used in computing diluted net income per share | 34.7  |

## **10. Goodwill and Intangible Assets**

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, the Company performs an annual impairment review in the fourth quarter and more frequently if events or changes in circumstances indicate that goodwill might be impaired. There was no indication that goodwill became impaired for the year ended December 31, 2023.

Other intangible assets include customer relationships, non-compete arrangements, trade names, customer backlog, and developed software, which are being amortized over the assets’ estimated useful lives using the straight-line method. Estimated useful lives range from less than one year to ten years. Amortization of customer relationships, non-compete arrangements, trade names, customer backlog, and developed software is considered an operating expense and is included in Amortization in the accompanying Consolidated Statements of Operations. The Company periodically reviews the estimated useful lives of its identifiable intangible assets, taking into consideration any events or circumstances that might result in a lack of recoverability or revised useful life. There was no indication that other intangible assets became impaired for the year ended December 31, 2023.

## Goodwill

Activity related to goodwill consisted of the following (in millions):

|  | Year Ended December 31, |                 |
|--|-------------------------|-----------------|
|  | 2023                    | 2022            |
| Balance, beginning of year   | \$ 565.2                | \$ 515.2        |
| Purchase price allocations and measurement period adjustments for acquisitions | 3.1                     | 60.8            |
| Effect of foreign currency translation adjustments                             | 13.1                    | (10.8)          |
| Balance, end of year   | <u>\$ 581.4</u>         | <u>\$ 565.2</u> |

## Intangible Assets with Definite Lives

Following is a summary of the Company's intangible assets that are subject to amortization (in millions):

|                        | Year Ended December 31, |                          |                     |                       |                          |                     |
|------------------------|-------------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|                        | 2023                    |                          |                     | 2022                  |                          |                     |
|                        | Gross Carrying Amount   | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships | \$ 116.1                | \$ (47.3)                | \$ 68.8             | \$ 151.9              | \$ (68.4)                | \$ 83.5             |
| Non-compete agreements | 1.1                     | (0.6)                    | 0.5                 | 1.7                   | (1.0)                    | 0.7                 |
| Customer backlog       | —                       | —                        | —                   | 2.7                   | (0.7)                    | 2.0                 |
| Trade name             | 0.8                     | (0.8)                    | —                   | 0.9                   | (0.7)                    | 0.2                 |
| Developed software     | 8.5                     | (6.7)                    | 1.8                 | 7.8                   | (5.3)                    | 2.5                 |
| Total                  | <u>\$ 126.5</u>         | <u>\$ (55.4)</u>         | <u>\$ 71.1</u>      | <u>\$ 165.0</u>       | <u>\$ (76.1)</u>         | <u>\$ 88.9</u>      |

The estimated useful lives of identifiable intangible assets are as follows:

|                        |              |
|------------------------|--------------|
| Customer relationships | 5 - 10 years |
| Non-compete agreements | 4 - 5 years  |
| Customer backlog       | 1 year       |
| Trade name             | 1 year       |
| Developed software     | 1 - 7 years  |

Total amortization expense for the years ended December 31, 2023, 2022 and 2021 was \$20.6 million, \$24.5 million and \$23.5 million, respectively.

Estimated annual amortization expense for the next five years ended December 31 and thereafter is as follows (in millions):

|            |         |
|------------|---------|
| 2024       | \$ 15.7 |
| 2025       | \$ 12.2 |
| 2026       | \$ 9.6  |
| 2027       | \$ 7.3  |
| 2028       | \$ 6.2  |
| Thereafter | \$ 20.1 |

On January 16, 2024, the Company completed the acquisition of all of the outstanding capital stock of SMEDIX, Inc., a California corporation ("SMEDIX"). Estimated annual amortization expense in the table above excludes any amortization expense related to SMEDIX.

## 11. Employee Benefit Plans

The Company has a qualified 401(k) profit sharing plan available to full-time employees who meet the plan's eligibility requirements. This defined contribution plan permits employees to make contributions up to maximum limits allowed by the Code. The Company, at its discretion, matches a portion of the employee's contribution under a predetermined formula based on the level of contribution and years of service. For 2023, the Company made matching contributions of 50% (25% in cash and 25% in Company stock) of the first 6% of eligible compensation deferred by the participant. The Company recognized \$10.5 million, \$10.2 million and \$8.7 million of expense for the matching cash and Company stock contribution in 2023, 2022 and 2021, respectively. All matching contributions vest over a three-year period of service.

The Company has a nonqualified deferred compensation plan for certain U.S. personnel. The plan is designed to allow eligible participants to accumulate additional income through elective deferrals of compensation which will be paid in the future. As of December 31, 2023 and 2022, the deferred compensation liability balance was \$11.4 million and \$9.4 million, respectively. The Company funds the deferred compensation plan through COLI policies. As of December 31, 2023 and 2022, the COLI asset balance was \$12.6 million and \$10.5 million, respectively.

In accordance with Indian law, the Company provides certain defined benefit plans covering substantially all of its Indian employees. The gratuity plan provides a lump-sum payment to vested employees upon retirement or termination of employment in an amount based on each employee's salary and duration of employment with the Company. The leave encashment plan requires the Company to pay employees leaving the Company a specific formula taking into account earned leaves up to a certain maximum and the employee's most recent salary. The annual projected cost of these defined benefit plans is actuarially determined. As of December 31, 2023 and 2022, the defined benefit plan liability, which is unfunded, was immaterial.

## 12. Long-term Debt

### *Revolving Credit Facility*

On March 29, 2023, the Company amended and restated its existing credit agreement by entering into a Second Amended and Restated Credit Agreement (the "2023 Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent and the other lenders parties thereto. The 2023 Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$300.0 million, subject to a commitment increase of \$75.0 million. All outstanding amounts owed under the 2023 Credit Agreement become due and payable no later than the final maturity date of March 29, 2028. As of December 31, 2023, there was no outstanding balance under the 2023 Credit Agreement. The Company incurred \$0.8 million of additional deferred finance fees during the year ended December 31, 2023.

The 2023 Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$10.0 million at any one time; outstanding letters of credit reduce the credit available for revolving credit borrowings. As of December 31, 2023, there were no outstanding letters of credit. Substantially all of the Company's assets are pledged to secure the credit facility.

Borrowings under the 2023 Credit Agreement bear interest at the Company's option of the prime rate (8.50% on December 31, 2023) plus a margin ranging from 0.00% to 1.00% or one month Secured Overnight Financing Rate ("SOFR") (5.40% on December 31, 2023) plus a margin ranging from 1.00% to 2.00%. The Company incurs an annual commitment fee of 0.15% to 0.20% on the unused portion of the line of credit. The additional margin amount and annual commitment fee are dependent on the level of outstanding borrowings. As of December 31, 2023, the Company had \$300.0 million of unused borrowing capacity.

The Company is required to comply with various financial covenants under the 2023 Credit Agreement. At December 31, 2023, the Company was in compliance with all covenants under the 2023 Credit Agreement.

### *Convertible Senior Notes due 2026*

On November 9, 2021, the Company issued \$380.0 million aggregate principal amount of 2026 Notes in a private placement to qualified institutional buyers pursuant to an exemption from registration provided by Section 4(a)(2) and Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The 2026 Notes bear interest at a rate of 0.125% per year. Interest is payable in cash on May 15 and November 15 of each year, with the first payment made on May 15, 2022. The 2026 Notes mature on November 15, 2026 unless earlier converted, redeemed or repurchased in accordance with their terms prior to such date. The initial conversion rate is 5.2100 shares of the Company's common stock per \$1,000 principal amount of



2026 Notes, which is equivalent to an initial conversion price of approximately \$191.94 per share of common stock. After consideration of the 2026 Notes Hedges and 2026 Notes Warrants (as defined and described below), the conversion rate is effectively hedged to a price of \$295.29 per share of common stock. The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the indenture governing the 2026 Notes (the “2026 Indenture”). The Company may settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company’s election, based on the applicable conversion rate(s). If a “make-whole fundamental change” (as defined in the 2026 Indenture) occurs, then the Company will in certain circumstances increase the conversion rate for a specified period of time. The Company’s intent is to settle the principal amount of the 2026 Notes in cash upon conversion.

#### *Convertible Senior Notes due 2025*

On August 14, 2020, the Company issued \$230.0 million aggregate principal amount of 2025 Notes in a private placement to qualified institutional purchasers pursuant to an exemption from registration provided by Section 4(a)(2) and Rule 144A under the Securities Act. The 2025 Notes bear interest at a rate of 1.250% per year. Interest is payable in cash on February 1 and August 1 of each year. The 2025 Notes mature on August 1, 2025 unless earlier converted, redeemed or repurchased in accordance with their terms prior to such date. The initial conversion rate is 19.3538 shares of the Company’s common stock per \$1,000 principal amount of 2025 Notes, which is equivalent to an initial conversion price of approximately \$51.67 per share of common stock. After consideration of the 2025 Notes Hedges and 2025 Notes Warrants (as defined and described below), the conversion rate is effectively hedged to a price of \$81.05 per share of common stock. The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described in the indenture governing the 2025 Notes (the “2025 Indenture”). The Company may settle conversions by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company’s election, based on the applicable conversion rate(s). If a “make-whole fundamental change” (as defined in the 2025 Indenture) occurs, then the Company will in certain circumstances increase the conversion rate for a specified period of time. The Company’s intent is to settle the principal amount of the 2025 Notes in cash upon conversion.

#### *Other Terms of the Notes*

The 2025 Notes and 2026 Notes may be converted at the holder’s option prior to the close of business on the business day immediately preceding August 1, 2025 for the 2025 Notes and November 15, 2026 for the 2026 Notes, but only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on September 30, 2020 for the 2025 Notes and December 31, 2021 for the 2026 Notes, if the last reported sale price per share of the Company’s common stock exceeds 130% of the applicable conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
- during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the “measurement period”) in which the trading price per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of the Company’s common stock on such trading day and the applicable conversion rate on such trading day;
- upon the occurrence of certain corporate events or distributions on the Company’s common stock described in the 2025 Indenture and 2026 Indenture; and
- at any time from, and including, February 3, 2025 for 2025 Notes and May 15, 2026 for 2026 Notes, until the close of business on the second scheduled trading day immediately before the maturity date for the 2025 Notes and 2026 Notes.

The Company may not redeem the 2025 Notes and 2026 Notes at its option before maturity. If a “fundamental change” (as defined in the 2025 Indenture and 2026 Indenture) occurs, then, except as described in the 2025 Indenture and 2026 Indenture, noteholders may require the Company to repurchase their 2025 Notes and 2026 Notes at a cash repurchase price equal to the principal amount of the 2025 Notes and 2026 Notes to be repurchased, plus accrued and unpaid interest, if any.

During the three months ended December 31, 2023, none of the conditions permitting holders to convert their 2025 Notes and 2026 Notes had been satisfied and no shares of the Company’s common stock had been issued in connection with any conversions of the 2025 Notes and 2026 Notes during the year ended December 31, 2023. Based on the closing price of the Company’s common stock of \$65.82 per share on December 29, 2023, the conversion value of the 2026 Notes was less than the principal amount of the 2026 Notes outstanding on a per note basis, and the conversion value of the 2025 Notes was greater than the principal amount of the 2025 Notes outstanding on a per note basis.

The 2026 Notes and 2025 Notes consisted of the following (in millions):

|                                       | <b>December 31, 2023</b> |                   |
|---------------------------------------|--------------------------|-------------------|
|                                       | <b>2026 Notes</b>        | <b>2025 Notes</b> |
| Long term debt:                       |                          |                   |
| Principal                             | \$ 380.0                 | \$ 23.3           |
| Less: Unamortized debt issuance costs | (6.1)                    | (0.3)             |
| Net carrying amount                   | <u>\$ 373.9</u>          | <u>\$ 23.0</u>    |

|                                       | <b>December 31, 2022</b> |                   |
|---------------------------------------|--------------------------|-------------------|
|                                       | <b>2026 Notes</b>        | <b>2025 Notes</b> |
| Long term debt:                       |                          |                   |
| Principal                             | \$ 380.0                 | \$ 23.3           |
| Less: Unamortized debt issuance costs | (8.3)                    | (0.4)             |
| Net carrying amount                   | <u>\$ 371.7</u>          | <u>\$ 22.9</u>    |

Interest expense for the years ended December 31, 2023, 2022 and 2021 related to the 2026 Notes and 2025 Notes consisted of the following (in millions):

#### 2026 Notes

|                                     | <b>Year Ended December 31,</b> |               |               |
|-------------------------------------|--------------------------------|---------------|---------------|
|                                     | <b>2023</b>                    | <b>2022</b>   | <b>2021</b>   |
| Coupon interest                     | \$ 0.5                         | \$ 0.5        | \$ 0.1        |
| Amortization of debt discount (1)   | —                              | —             | 1.7           |
| Amortization of debt issuance costs | 2.1                            | 2.1           | 0.3           |
| Total interest expense recognized   | <u>\$ 2.6</u>                  | <u>\$ 2.6</u> | <u>\$ 2.1</u> |

#### 2025 Notes

|                                     | <b>Year Ended December 31,</b> |               |                |
|-------------------------------------|--------------------------------|---------------|----------------|
|                                     | <b>2023</b>                    | <b>2022</b>   | <b>2021</b>    |
| Coupon interest                     | \$ 0.3                         | \$ 0.3        | \$ 2.5         |
| Amortization of debt discount (1)   | —                              | —             | 7.8            |
| Amortization of debt issuance costs | 0.1                            | 0.1           | 1.0            |
| Total interest expense recognized   | <u>\$ 0.4</u>                  | <u>\$ 0.4</u> | <u>\$ 11.3</u> |

(1) Prior period amounts have not been adjusted due to the adoption of ASU 2020-06 under the modified retrospective method.

#### Convertible Notes Hedges

In connection with the issuance of the 2026 Notes and 2025 Notes, the Company entered into privately negotiated convertible note hedge transactions (the “2026 Notes Hedges” and the “2025 Notes Hedges”), and together, the “Notes Hedges”) with certain of the initial purchasers or their respective affiliates and/or other financial institutions (the “Option Counterparties”). As of December 31, 2023, the 2026 Notes Hedges provide the Company with the option to acquire, on a net settlement basis, approximately 2.0 million shares of common stock at a strike price of \$191.94, which is equal to the number of shares of common stock that notionally underlie the 2026 Notes and correspond to the conversion price of the 2026 Notes. As of December 31, 2023, the 2025 Notes Hedges provided the Company with the option to acquire, on a net settlement basis, approximately 0.5 million shares of common stock at a strike price of \$51.67, which is equal to the number of shares of common stock that notionally underlie the 2025 Notes and correspond to the conversion price of the 2025 Notes. If the Company elects cash settlement and exercises the Notes Hedges, the aggregate amount of cash received from the Option Counterparties will cover the aggregate amount of cash that the Company would be required to pay to the holders of the Notes, less the principal amount thereof. The Notes Hedges do not meet the criteria for separate accounting as a derivative as they are indexed to the Company’s stock and are accounted for as freestanding financial instruments.

### Convertible Notes Warrants

In connection with the issuance of the 2026 Notes and 2025 Notes, the Company also sold net-share-settled warrants (the “2026 Notes Warrants”, and the “2025 Notes Warrants,” respectively, and together, the “Notes Warrants”) in privately negotiated transactions with the Option Counterparties. The strike price of the 2026 Notes Warrants and 2025 Notes Warrants was approximately \$295.29 and \$81.05 per share, respectively, and is subject to certain adjustments under the terms of their respective Notes Warrants. As a result of the 2026 Notes Warrants and 2025 Notes Warrants and related transactions, the Company is required to recognize incremental dilution of earnings per share to the extent the average share price for any fiscal quarter is over \$295.29 for the 2026 Notes Warrants and \$81.05 for the 2025 Notes Warrants. The 2026 Notes Warrants and the 2025 Notes Warrants expire over a period of 80 trading days commencing on February 15, 2027 and over a period of 100 trading days commencing on November 1, 2025, respectively, and may be settled in net shares of common stock or net cash at the Company’s election. As of December 31, 2023, 2.0 million warrant shares and 0.5 million warrant shares were outstanding for the 2026 Notes Warrants and 2025 Notes Warrants, respectively.

### 13. Income Taxes

Significant components of the provision for income taxes are as follows (in millions):

|                                  | <b>Year Ended December 31,</b> |                |                |
|----------------------------------|--------------------------------|----------------|----------------|
|                                  | <b>2023</b>                    | <b>2022</b>    | <b>2021</b>    |
| Current:                         |                                |                |                |
| Federal                          | \$ 33.7                        | \$ 28.2        | \$ 16.0        |
| State                            | 8.5                            | 8.8            | 2.8            |
| Foreign                          | 6.3                            | 7.5            | 4.3            |
| Total current                    | <u>48.5</u>                    | <u>44.5</u>    | <u>23.1</u>    |
| Deferred:                        |                                |                |                |
| Federal                          | (6.8)                          | (4.6)          | (8.3)          |
| State                            | (0.9)                          | (1.5)          | (2.4)          |
| Foreign                          | (3.3)                          | (1.8)          | (2.0)          |
| Total deferred                   | <u>(11.0)</u>                  | <u>(7.9)</u>   | <u>(12.7)</u>  |
| Total provision for income taxes | <u>\$ 37.5</u>                 | <u>\$ 36.6</u> | <u>\$ 10.4</u> |

The components of pretax income for the years ended December 31, 2023, 2022 and 2021 are as follows (in millions):

|          | <b>Year Ended December 31,</b> |                 |                |
|----------|--------------------------------|-----------------|----------------|
|          | <b>2023</b>                    | <b>2022</b>     | <b>2021</b>    |
| Domestic | \$ 120.2                       | \$ 122.5        | \$ 56.3        |
| Foreign  | 16.3                           | 18.5            | 6.2            |
| Total    | <u>\$ 136.5</u>                | <u>\$ 141.0</u> | <u>\$ 62.5</u> |

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s deferred taxes as of December 31, 2023 and 2022 are as follows (in millions):

|                                     | <b>December 31,</b> |               |
|-------------------------------------|---------------------|---------------|
|                                     | <b>2023</b>         | <b>2022</b>   |
| Deferred tax assets:                |                     |               |
| Accrued liabilities                 | \$ 15.1             | \$ 14.2       |
| Operating lease liabilities         | 5.8                 | 7.5           |
| Allowance for doubtful accounts     | 0.6                 | 1.5           |
| Foreign exchange adjustment         | 0.2                 | 4.8           |
| Net operating losses                | 0.1                 | —             |
| Deferred compensation liability     | 3.5                 | 3.2           |
| Capitalized research expenditures   | 36.1                | 25.2          |
| Total deferred tax assets           | <u>61.4</u>         | <u>56.4</u>   |
| Deferred tax liabilities:           |                     |               |
| Prepaid expenses                    | 1.3                 | 1.3           |
| Operating lease right-of-use assets | 5.4                 | 7.0           |
| Goodwill and intangible assets      | 37.2                | 36.0          |
| Fixed assets                        | 1.8                 | 2.7           |
| Total deferred tax liabilities      | <u>45.7</u>         | <u>47.0</u>   |
| Net deferred tax asset              | <u>\$ 15.7</u>      | <u>\$ 9.4</u> |

Management regularly assesses the likelihood that deferred tax assets will be recovered from future taxable income. To the extent management believes that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established. Management believes it is more likely than not that the Company will generate sufficient taxable income in future years to realize the benefits of its deferred tax assets.

As of December 31, 2023, the Company had no U.S. federal or state tax net operating loss carry forwards and \$0.1 million foreign net operating loss carry forwards. The foreign net operating loss carry forwards do not expire.

The federal corporate statutory tax rate is reconciled to the Company's effective income tax rate as follows:

|                                     | <b>Year Ended December 31,</b> |               |               |
|-------------------------------------|--------------------------------|---------------|---------------|
|                                     | <b>2023</b>                    | <b>2022</b>   | <b>2021</b>   |
| Federal statutory rate              | 21.0 %                         | 21.0 %        | 21.0 %        |
| State taxes, net of federal benefit | 4.6                            | 4.5           | 3.2           |
| Effect of foreign operations        | 1.2                            | 1.3           | 1.7           |
| Stock compensation                  | 1.4                            | 0.7           | (5.2)         |
| Acquisition related                 | (1.0)                          | 0.2           | 1.0           |
| Research and development tax credit | (0.1)                          | (1.9)         | (4.8)         |
| Other                               | 0.4                            | 0.1           | (0.3)         |
| Effective tax rate                  | <u>27.5 %</u>                  | <u>25.9 %</u> | <u>16.6 %</u> |

The effective income tax rate increased to 27.5% for the year ended December 31, 2023 from 25.9% for the year ended December 31, 2022 primarily due to a decrease in research credit benefit and an increase in the impact of stock compensation, partially offset by a decrease in the effect of acquisition costs compared to the prior year.

The undistributed earnings of our foreign subsidiaries are indefinitely reinvested, except in certain designated jurisdictions. We have not recognized a deferred tax liability on the undistributed earnings that are considered indefinitely reinvested. If these earnings were distributed, we would be subject to non-U.S. withholding taxes. As of December 31, 2023, undistributed earnings of approximately \$19.7 million were indefinitely reinvested in foreign operations and the unrecognized deferred tax liability on these undistributed earnings was approximately \$2.0 million.

As of December 31, 2023, the Company had unrecognized tax benefits of \$16.8 million, which would have had a \$12.0 million impact on the effective rate, if recognized. As of December 31, 2022, the Company had unrecognized tax benefits of \$19.0 million, which would have had a \$14.3 million impact on the effective rate, if recognized.

A reconciliation of beginning and ending amounts of gross unrecognized tax benefits is as follows (in millions):

|  | <b>December 31,</b> |                |
|--|---------------------|----------------|
|  | <b>2023</b>         | <b>2022</b>    |
| Balance at beginning of year                             | \$ 19.0             | \$ 17.0        |
| Additions based on tax positions related to current year | 1.8                 | 2.5            |
| Additions based on tax positions related to prior years  | 1.1                 | 0.6            |
| Reductions based on tax positions related to prior years | (1.5)               | —              |
| Reduction due to statute of limitations                  | (0.5)               | (0.8)          |
| Settlements with taxing authorities                      | (3.1)               | (0.3)          |
| Balance at end of year                                   | <u>\$ 16.8</u>      | <u>\$ 19.0</u> |

We recognize interest and penalty expense related to unrecognized tax positions as a component of the income tax provision. For the years ended December 31, 2023 and 2022, we recognized interest expense of approximately \$1.2 million and \$0.8 million, respectively. As of December 31, 2023 and 2022, interest and penalties accrued were \$2.2 million and \$2.4 million, respectively.

The Company's 2016-2019 U.S. income tax returns are currently under examination by the IRS. The IRS has sought to disallow research credits of \$3.0 million on the Company's 2016 and 2017 U.S. income tax returns. As of December 31, 2023, we believe it is reasonably possible that our total amount of unrecognized tax benefits will decrease by approximately \$1.6 million over the next 12 months. The anticipated reduction relates to potential settlements with tax authorities. The total amount of research credits taken or expected to be taken in the Company's income tax returns for 2016 through 2023 is \$29.1 million.

The Company is subject to tax in the United States and various state and foreign jurisdictions. Our federal tax returns for 2016 and later remain subject to examination by the IRS. Our state tax returns for 2016 and later remain subject to examination by various state tax authorities, with certain exceptions. Our foreign income tax returns for 2018 and later remain subject to examination by various foreign tax authorities.

#### 14. Derivatives

In the normal course of business, the Company uses derivative financial instruments to manage foreign currency exchange rate risk. Currency exposure is monitored and managed by the Company as part of its risk management program which seeks to reduce the potentially adverse effects that market volatility could have on operating results. The Company's derivative financial instruments consist of non-deliverable foreign currency forward contracts. Derivative financial instruments are neither held nor issued by the Company for trading purposes.

#### Derivatives Not Designated as Hedging Instruments

Both the gain or loss on the derivatives not designated as hedging instruments and the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Realized gains or losses and changes in the estimated fair value of foreign currency forward contracts that have not been designated as hedges were a net gain of \$2.2 million during the year ended December 31, 2023, a net loss of \$1.8 million during the year ended December 31, 2022, and a net loss of \$1.2 million during the year ended December 31, 2021. Gains and losses on these contracts are recorded in net other expense (income) and net interest expense in the Consolidated Statements of Operations and are offset by losses and gains on the related hedged items.

The notional amounts of the Company's derivative instruments outstanding were as follows (in millions):

|   | <b>December 31,</b> |                |
|---|---------------------|----------------|
|   | <b>2023</b>         | <b>2022</b>    |
| <b>Derivatives not designated as hedges</b> |                     |                |
| Foreign exchange contracts                  | \$ 26.2             | \$ 31.0        |
| Total derivatives not designated as hedges  | <u>\$ 26.2</u>      | <u>\$ 31.0</u> |

Derivatives may give rise to credit risks from the possible non-performance by counterparties. Credit risk is generally limited to the fair value of those contracts that are favorable to the Company. The Company has limited its credit risk by entering into derivative transactions only with highly-rated global financial institutions, limiting the amount of credit exposure

with any one financial institution and conducting ongoing evaluation of the creditworthiness of the financial institutions with which the Company does business.

The Company utilizes standard counterparty master agreements containing provisions for the netting of certain foreign currency transaction obligations and for the set-off of certain obligations in the event of an insolvency of one of the parties to the transaction. Within the Consolidated Balance Sheets, the Company records derivative assets and liabilities at fair value.

## 15. Fair Value Measurements

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.

The fair value hierarchy consists of the following three levels:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The carrying value of cash, cash equivalents and restricted cash, accounts receivable, accounts payable, current liabilities and the revolving line of credit approximate fair value because of the short maturity of these instruments.

All highly liquid investments with maturities at date of purchase of three months or less are considered to be cash equivalents. Based on their short-term nature, the carrying value of cash equivalents approximate their fair value. As of December 31, 2023 and December 31, 2022, \$45.3 million and \$8.4 million, respectively of the Company's cash, cash equivalents and restricted cash balance related to Level 1 investments.

The Company has a deferred compensation plan, which is funded through COLI policies. The COLI asset is carried at fair value derived from quoted market prices of investments within the COLI policies, which are considered Level 2 inputs. Refer to Note 11, *Employee Benefit Plans*, for the fair value of the COLI asset as of December 31, 2023 and 2022.

The Company estimates the fair value of each foreign exchange forward contract by using the present value of expected cash flows. The estimate takes into account the difference between the current market forward price and contracted forward price for each foreign exchange contract and applies the difference in the rates to each outstanding contract. Valuations for all derivatives fall within Level 2 of the GAAP valuation hierarchy. The fair value of the Company's derivative instruments outstanding as of December 31, 2023 and 2022 was immaterial.

The Company has contingent consideration liabilities related to acquisitions which are measured on a recurring basis and recorded at fair value, determined using the discounted cash flow method. The inputs used to calculate the fair value of the contingent consideration liabilities are considered to be Level 3 inputs due to the lack of relevant market activity and significant management judgment. For acquisitions completed during the year ended December 31, 2022, key observable inputs included revenue growth rates, which ranged from 16% to 43%, and volatility rates, which were 9% for revenue and ranged from 22% to 23% for earnings. An increase in future revenue and earnings may result in a higher estimated fair value while a decrease in future revenue and earnings may result in a lower estimated fair value of the contingent consideration liabilities. Remeasurements to fair value are recorded in adjustment to fair value of contingent consideration in the Consolidated Statements of Operations. Refer to Note 7, *Balance Sheet Components*, for the estimated fair value of the contingent consideration liabilities as of December 31, 2023 and 2022.

The fair value of the Notes is measured using quoted price inputs. The Notes are not actively traded, and thus the price inputs represent a Level 2 measurement. As the quoted price inputs are highly variable from day to day, the fair value estimates could significantly increase or decrease.

The Notes are carried at their principal amount less issuance costs, and are not carried at fair value at each period end. The approximate fair value of the 2026 Notes as of December 31, 2023 and 2022 was \$316.1 million and \$295.5 million, respectively. The approximate fair value of the 2025 Notes as of December 31, 2023 and 2022 was \$32.4 million and \$33.8 million, respectively. The fair values were estimated on the basis of inputs that are observable in the market and are considered a Level 2 fair value measurement.

## 16. Leases

The Company leases office space under various operating lease agreements, which have remaining lease terms of less than one year to seven years.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use (“ROU”) assets, other current liabilities, and operating lease liabilities on the consolidated balance sheet. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. In determining the expected lease term, the majority of the Company’s renewal options are not reasonably certain based on conditions of the Company’s existing leases and its overall business strategies. The Company will periodically reassess expected lease terms based on significant triggering events or compelling economic reasons to exercise renewal options. The Company utilizes its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for lease and non-lease components as a single lease component.

Supplemental balance sheet information related to leases was as follows (in millions):

|                             | <b>December 31, 2023</b> | <b>December 31, 2022</b> |
|-----------------------------|--------------------------|--------------------------|
| Other current liabilities   | \$ 7.0                   | \$ 10.3                  |
| Operating lease liabilities | 16.4                     | 18.5                     |
| <b>Total</b>                | <b>\$ 23.4</b>           | <b>\$ 28.8</b>           |

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows (in millions):

|                                    | <b>December 31, 2023</b> |
|------------------------------------|--------------------------|
| 2024                               | \$ 7.8                   |
| 2025                               | 6.4                      |
| 2026                               | 4.0                      |
| 2027                               | 3.6                      |
| 2028                               | 2.6                      |
| Thereafter                         | 0.8                      |
| <b>Total future lease payments</b> | <b>25.2</b>              |
| Less implied interest              | (1.8)                    |
| <b>Total</b>                       | <b>\$ 23.4</b>           |

Operating lease expense for the years ended December 31, 2023, 2022, and 2021 was \$12.7 million, \$13.0 million, and \$13.0 million respectively, of which \$2.0 million, \$1.6 million, and \$1.3 million related to variable lease payments. Short term lease payments were immaterial for the years ended December 31, 2023, 2022 and 2021. Operating cash flows for amounts included in the measurement of the Company’s operating lease liabilities for the years ended December 31, 2023, 2022 and 2021 were \$10.6 million, \$11.5 million, and \$10.3 million, respectively. ROU assets obtained in exchange for lease liabilities during the years ended December 31, 2023, 2022, and 2021 were \$2.4 million, \$4.2 million, and \$5.4 million, respectively. The weighted average remaining lease term of the Company’s operating leases was 4 years as of December 31, 2023, 2022 and 2021, and the weighted average incremental borrowing rate as of December 31, 2023, 2022 and 2021 was 3.6%, 3.3%, and 3.3%, respectively.

## 17. Commitments and Contingencies

From time to time the Company is involved in legal proceedings, claims and litigation related to employee claims, contractual disputes and taxes in the ordinary course of business. Although the Company cannot predict the outcome of such matters, currently the Company has no reason to believe the disposition of any current matter could reasonably be expected to have a material adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities.

## 18. Segment and Geographic Information

The Company operates as one reportable operating segment according to ASC Topic 280, *Segment Reporting*, which establishes standards for the way that business enterprises report information about operating segments. The chief operating decision maker formulates decisions about how to allocate resources and assess performance based on consolidated financial results.

The Company derives revenues from customers from professional service fees, other services revenue, and software and hardware. Refer to Note 3, *Revenues*, for revenue disaggregation by revenue source and geography.

The following table presents long-lived assets disaggregated by geographic area (in millions):

|                             | December 31,   |                |
|-----------------------------|----------------|----------------|
|                             | 2023           | 2022           |
| United States               | \$ 38.8        | \$ 40.8        |
| India                       | 6.0            | 9.2            |
| Other countries             | 5.3            | 5.7            |
| Total long-lived assets (1) | <u>\$ 50.1</u> | <u>\$ 55.7</u> |

(1) Total long-lived assets excludes goodwill, intangible assets, net, deferred income taxes, COLI assets and long term deposits.

Refer to Note 4, *Concentration of Credit Risk and Significant Customers*, for information about the Company's largest customer.

## 19. Quarterly Financial Results (Unaudited)

The following tables set forth certain unaudited supplemental quarterly financial information for the years ended December 31, 2023 and 2022. The quarterly operating results are not necessarily indicative of future results of operations (in millions except per share data).

|                              | Three Months Ended, |                  |                       |                      |
|------------------------------|---------------------|------------------|-----------------------|----------------------|
|                              | March 31,<br>2023   | June 30,<br>2023 | September 30,<br>2023 | December 31,<br>2023 |
|                              | (Unaudited)         |                  |                       |                      |
| Total revenues               | \$ 231.4            | \$ 231.1         | \$ 223.2              | \$ 220.8             |
| Total cost of revenues       | 144.2               | 146.2            | 143.0                 | 141.1                |
| Income from operations       | 37.1                | 35.8             | 32.2                  | 32.4                 |
| Income before income taxes   | 36.5                | 35.1             | 32.0                  | 32.9                 |
| Net income                   | 26.8                | 26.4             | 22.6                  | 23.2                 |
| Basic net income per share   | 0.79                | 0.78             | 0.66                  | 0.68                 |
| Diluted net income per share | 0.75                | 0.73             | 0.63                  | 0.65                 |



|                              | <b>Three Months Ended,</b> |                          |                               |                              |
|------------------------------|----------------------------|--------------------------|-------------------------------|------------------------------|
|                              | <b>March 31,<br/>2022</b>  | <b>June 30,<br/>2022</b> | <b>September 30,<br/>2022</b> | <b>December 31,<br/>2022</b> |
|                              | (Unaudited)                |                          |                               |                              |
| Total revenues               | \$ 222.1                   | \$ 222.7                 | \$ 227.6                      | \$ 232.7                     |
| Total cost of revenues       | 138.5                      | 136.8                    | 136.4                         | 141.0                        |
| Income from operations       | 34.2                       | 39.5                     | 33.2                          | 37.4                         |
| Income before income taxes   | 33.1                       | 38.6                     | 32.6                          | 36.7                         |
| Net income                   | 27.1                       | 27.8                     | 23.0                          | 26.5                         |
| Basic net income per share   | 0.80                       | 0.82                     | 0.68                          | 0.78                         |
| Diluted net income per share | 0.75                       | 0.77                     | 0.64                          | 0.74                         |

## 20. Subsequent Events

### *Business Combination*

On January 16, 2024, the Company completed the acquisition of all of the outstanding capital stock of SMEDIX.

The total consideration paid at closing was approximately \$37.4 million, comprised of (1) \$33.0 million in cash and (2) \$4.4 million in the Company's common stock (based on the average closing price of the Company's common stock on the Nasdaq Global Select Market for the 15 trading days immediately preceding the closing date per the terms of the Stock Purchase Agreement). Of the total consideration, \$5.9 million was placed in escrow as security for post-closing indemnification obligations of the sole shareholder of SMEDIX.

The purchase price is subject to a net working capital adjustment and contingent consideration of up to \$14.4 million payable in cash and contingent on the satisfaction of certain post-closing financial performance objectives of SMEDIX during the 12-month period immediately following closing. The Stock Purchase Agreement includes customary representations, warranties and covenants by the parties.

This transaction will be accounted for as a business combination under the acquisition method of accounting. The Company will record the assets acquired and liabilities assumed at their fair values as of the acquisition date. Due to the limited time since the closing of the acquisition, the valuation efforts and related acquisition accounting are incomplete at the time of filing of this Annual Report on Form 10-K. As a result, the Company is unable to provide amounts recognized as of the acquisition date for major classes of assets and liabilities acquired, including goodwill and other intangible assets.

### *Resignation of Jeffrey S. Davis as Executive Chairman*

On February 23, 2024, Jeffrey S. Davis resigned his employee position as Executive Chairman of the Company, effective as of March 1, 2024. Mr. Davis will continue as the non-executive Chairman of the Board of Directors. In connection with Mr. Davis's resignation, the Board of Directors approved an amendment to certain existing restricted stock award agreements. The form of this amendment will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. Due to the resignation of Mr. Davis as Executive Chairman of the Company and the related restricted stock award amendment, the incremental share based compensation expense recorded during the quarter ended March 31, 2024 was approximately \$5.6 million.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Perficient, Inc.:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Perficient, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### *Critical Audit Matters*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Evaluation of the sufficiency of audit evidence over services revenue*

As discussed in Note 3 to the consolidated financial statements, the Company recorded \$906.5 million of total revenue for the year ended December 31, 2023. Revenue is derived primarily from professional services, which is recognized over time as services are rendered.

We identified the evaluation of the sufficiency of audit evidence over services revenue as a critical audit matter. Subjective auditor judgment was required to evaluate the sufficiency of audit evidence obtained because the revenue recognition process is highly automated and required involvement from information technology (IT) professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over services revenue. We evaluated the design and tested the operating effectiveness of certain internal controls related to the service revenue process, which included manual and automated controls related to the IT systems used for processing and recording revenue. We involved IT professionals with specialized skills and knowledge, who assisted in gaining an understanding of the IT environment and testing certain general IT controls and IT application controls, that are used by the Company within its service revenue recognition process. We assessed the recorded service revenue by selecting a sample of transactions and comparing the recorded amounts with underlying documentation. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of such evidence.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

St. Louis, Missouri  
February 27, 2024

**Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures*

We have established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer of the Company, as appropriate, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the fiscal year covered by this Annual Report on Form 10-K. Based on that evaluation, the Company's principal executive and principal financial officers have determined that the Company's disclosure controls and procedures were effective.

*Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023.

KPMG LLP, our independent registered public accounting firm, has audited our consolidated financial statements as of and for the year ended December 31, 2023 included in this Annual Report on Form 10-K, and has issued its report on the effectiveness of internal control over financial reporting as of December 31, 2023, which is included herein.

*Changes in Internal Control Over Financial Reporting*

There were no significant changes in the Company's internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the year ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspection.**

None.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance.

##### Executive Officers

Our executive officers, including their ages as of the date of this filing are as follows:

| Name             | Age | Position   |
|------------------|-----|--|
| Jeffrey S. Davis | 59  | Chairman of the Board and Executive Chairman                       |
| Thomas J. Hogan  | 47  | President and Chief Executive Officer                              |
| Paul E. Martin   | 63  | Chief Financial Officer, Treasurer and Assistant Secretary         |
| Susan L. Adomite | 47  | Senior Vice President, Controller and Principal Accounting Officer |
| Kevin T. Sheen   | 60  | Senior Vice President - Global Operations                          |

*Jeffrey S. Davis* was appointed as Executive Chairman effective October 1, 2023 but has resigned his employment position as Executive Chairman effective as of March 1, 2024. Mr. Davis previously served as the Chief Executive Officer. He has served as a member of the Board since 2009 and was elected Chairman of the Board in 2017. Mr. Davis will continue to serve as the non-executive Chairman of the Board. He previously served as the Chief Operating Officer of the Company following its acquisition of Vertecon in April 2002 and was named the Company's President in 2004, in which capacity he served until February 2021. He served as Chief Operating Officer at Vertecon from October 1999 until its acquisition by the Company. Before Vertecon, Mr. Davis was a Senior Manager and member of the leadership team in Arthur Andersen's Business Consulting Practice, where he was responsible for defining and managing internal processes, while managing business development and delivery of all products, services and solutions to a number of large accounts. Mr. Davis also served in a leadership position at Ernst & Young LLP in the Management Consulting practice and in industry at Boeing, Inc. and Mallinckrodt, Inc. Mr. Davis is a member of the University of Missouri Trulaske College of Business advisory board. Mr. Davis has a M.B.A. from Washington University and a B.S. degree in Electrical Engineering from the University of Missouri.

*Thomas J. Hogan* was appointed as the Company's President and Chief Executive Officer effective October 1, 2023. Mr. Hogan previously began serving as the Company's President in February 2021 and began serving as our Chief Operating Officer in 2018. Mr. Hogan joined the Company in January 2008 and has served the Company in several capacities, including Vice President of Field Operations, General Manager, Director of Business Development, and Engagement Director. Prior to joining the Company, Mr. Hogan served in business development and leadership positions with Creative Metrics, PreVisor, and TEKsystems. Mr. Hogan received his M.B.A from the Kellogg School of Management at Northwestern University and a B.A. degree from Saint Mary's University of Minnesota.

*Paul E. Martin* joined the Company in 2006 as Chief Financial Officer, Treasurer and Secretary. Mr. Martin served as the Company's Principal Accounting Officer from 2006 until October 1, 2023. Mr. Martin served as Secretary until February 2022, when he was appointed as the Company's Assistant Secretary. From 2004 until 2006, Mr. Martin was the Interim co-Chief Financial Officer and Interim Chief Financial Officer of Charter Communications, Inc. (NASDAQ: CHTR) ("Charter"), a publicly traded multi-billion dollar revenue domestic cable television multi-system operator. From 2002 through 2006, Mr. Martin was the Senior Vice President, Principal Accounting Officer and Corporate Controller of Charter, and was Charter's Vice President and Corporate Controller from 2000 to 2002. From 1995 to 1999, Mr. Martin was Chief Financial Officer of Rawlings Sporting Goods Company, Inc., a formerly publicly traded multi-million dollar revenue sporting goods manufacturer and distributor. Mr. Martin received a B.S. degree in accounting from the University of Missouri - St. Louis.

*Susan L. Adomite* joined the Company in 2018 as the Company's Vice President and Controller and was appointed as the Senior Vice President and Principal Accounting Officer effective October 1, 2023, responsible for the accounting and reporting functions at Perficient. Prior to joining the Company, Ms. Adomite served as Vice President of Accounting and Controller at Isle of Capri Casinos, Inc., and in senior finance positions at Smurfit-Stone Container Corporation, Argosy Gaming Company, and Arthur Andersen LLP. Ms. Adomite holds B.A. and M.A. degrees in accounting from the University of Missouri - Columbia.

*Kevin T. Sheen* joined the Company in 2007 through an acquisition and was appointed as the Senior Vice President - Global Operations effective October 1, 2023. With a career in the IT consulting industry that spans nearly 30 years, over half of that at Perficient, Mr. Sheen has played nearly every role in the software development lifecycle from software developer/tester, technical architect, and program manager across a wide range of IT/business consulting companies including Accenture, Capgemini, Syntel, and Hewlett Packard Consulting. At Perficient, Mr. Sheen provides leadership to Perficient's Latin

America, Asia and Romania operations, including overseeing global delivery strategy, product development, Agile methodology, and customer engagement quality. Mr. Sheen holds a Bachelor of Electrical Engineering from Lawrence Technical University in Southfield, Michigan, and has multiple professional-level certifications.

Additional information with respect to Directors and Executive Officers of the Company is incorporated by reference to the Company's proxy statement to be used in connection with the 2024 Annual Meeting of Stockholders (the "Proxy Statement") under the captions "Directors and Executive Officers," and "Composition and Meetings of the Board of Directors and Committees." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

### **Codes of Conduct and Ethics**

Information on this subject is found in the Proxy Statement under the caption "Certain Relationships and Related Transactions" and is incorporated herein by reference.

The Company has adopted a Corporate Code of Business Conduct and Ethics that applies to all employees and directors of the Company while acting on the Company's behalf and has adopted a Financial Code of Ethics applicable to the chief executive officer, the chief financial officer, and other senior financial officials. These policies are available on the Company's website at [www.perficient.com](http://www.perficient.com). Any amendment to, or waiver of, the Financial Code of Ethics will be disclosed by the Company on its website at [www.perficient.com](http://www.perficient.com).

### **Audit Committee of the Board of Directors**

Information on this subject is found in the Proxy Statement under the caption "Composition and Meetings of the Board of Directors and Committees" and is incorporated herein by reference.

### **Insider Trading Arrangements and Policies**

The Company's officers and directors are required to comply with the Company's securities trading policy at all times, including during a repurchase program. The insider trading policy, among other things, prohibits trading in the Company's securities when in possession of material non-public information and restricts the ability of directors and certain officers from transacting in the Company's securities during specific blackout periods, subject to certain limited exceptions, including transactions pursuant to a Rule 10b5-1 trading arrangement that complies with the conditions of Exchange Act Rule 10b5-1. There were no Rule 10b5-1 trading arrangements adopted, materially modified, or terminated by our officers and directors during the fourth quarter of 2023.

### **Item 11. Executive Compensation.**

Information on this subject is found in the Proxy Statement under the captions "Compensation of Directors," "Compensation of Executive Officers," "Directors and Executive Officers," "Compensation Committee Report," and "Compensation Committee Interlocks and Insider Participation" and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Information on this subject is found in the Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners and Management," "Directors and Executive Officers," and "Equity Compensation Plan Information" and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Information on this subject is found in the Proxy Statement under the caption "Certain Relationships and Related Transactions" and "Composition and Meetings of the Board of Directors and Committees" and incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services.**

The Company's independent registered public accounting firm is KPMG, LLP, St. Louis, MO, Auditor Firm ID:185.

Information on this subject is found in the Proxy Statement under the caption "Principal Accounting Firm Fees and Services" and incorporated herein by reference.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

#### 1. Financial Statements

The following consolidated statements are included in Part II, Item 8 under the following captions:

| <b>Index</b>   | <b>Page</b> |
|--|-------------|
| <a href="#">Consolidated Balance Sheets</a>                                | 33          |
| <a href="#">Consolidated Statements of Operations</a>                      | 34          |
| <a href="#">Consolidated Statements of Comprehensive Income</a>            | 35          |
| <a href="#">Consolidated Statements of Changes in Stockholders' Equity</a> | 36          |
| <a href="#">Consolidated Statements of Cash Flows</a>                      | 38          |
| <a href="#">Notes to Consolidated Financial Statements</a>                 | 39          |
| <a href="#">Report of Independent Registered Public Accounting Firm</a>    | 63          |

#### 2. Financial Statement Schedules

No financial statement schedules are required to be filed by Items 8 and 15(b) because they are not required or are not applicable, or the required information is set forth in the applicable financial statements or notes thereto.

#### 3. Exhibits

See Index to Exhibits.

### Item 16. Form 10-K Summary.

None.



## INDEX TO EXHIBITS

| Exhibit Number | Description  |
|----------------|--|
| 2.1            | <a href="#">Asset Purchase Agreement</a> , dated as of December 18, 2014, by and among Perficient, Inc., Zeon Solutions Incorporated, Grand River Interactive LLC and Rupesh Agrawal, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed on December 19, 2014 and incorporated herein by reference                             |
| 2.2            | <a href="#">Stock Purchase Agreement</a> dated as of June 17, 2020, by and among Perficient, Inc., Perficient UK Limited, Productora de Software S.A.S., each of the Shareholders and the Representative, previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on July 30, 2020 and incorporated herein by reference          |
| 2.3            | <a href="#">Stock Purchase Agreement</a> dated as of October 15, 2021, by and among Perficient, Inc., Perficient UK Limited, Izmul S.A., each of the Shareholders of Izmul S.A. and the Representative, previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2021 and incorporated herein by reference |
| 3.1            | <a href="#">Amended and Restated Certificate of Incorporation of Perficient, Inc.</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed July 27, 2023 and incorporated herein by reference   |
| 3.2            | <a href="#">Second Amended and Restated Bylaws of Perficient, Inc.</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed on July 27, 2023 (File No. 001-15169) and incorporated herein by reference   |
| 4.1            | <a href="#">Specimen Certificate for shares of Perficient, Inc.</a> common stock previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on May 7, 2009 and incorporated herein by reference   |
| 4.2            | <a href="#">Description of Securities</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference   |
| 4.3            | <a href="#">Indenture, dated August 14, 2020</a> , between Perficient, Inc. and U.S. Bank National Association, as trustee, relating to the Company's 1.250% Convertible Senior Notes due 2025, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference                        |
| 4.4            | <a href="#">Form of 1.250% Convertible Senior Notes due 2025</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference   |
| 4.5            | <a href="#">Indenture, dated November 9, 2021</a> , between Perficient, Inc. and U.S. Bank National Association, as trustee, relating to the Company's 0.125% Convertible Senior Notes due 2026, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference                      |
| 4.6            | <a href="#">Form of 0.125% Convertible Senior Notes due 2026</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference  |
| 10.1†          | <a href="#">Perficient, Inc. Employee Stock Purchase Plan</a> , previously filed with the Securities and Exchange Commission as Appendix A to our Schedule 14A filed on October 13, 2005 and incorporated herein by reference  |
| 10.2†          | <a href="#">Third Amended and Restated Perficient, Inc. 2012 Long-Term Incentive Plan</a> , previously filed with the Securities and Exchange Commission as Appendix A to our Schedule 14A filed on April 26, 2023 and incorporated herein by reference  |
| 10.3†          | <a href="#">Fifth Amended and Restated Employment and Transition Agreement between Perficient, Inc. and Jeffrey S. Davis, effective as of October 1, 2023</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed July 27, 2023 and incorporated herein by reference   |
| 10.4†          | <a href="#">Third Amended and Restated Employment Agreement between Perficient, Inc. and Thomas J. Hogan, effective as of October 1, 2023</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed July 27, 2023 and incorporated herein by reference   |
| 10.5†          | <a href="#">Fourth Amended and Restated Employment Agreement between Perficient, Inc. and Paul E. Martin, effective as of October 1, 2023</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed July 27, 2023 and incorporated herein by reference   |

|        |  |
|--------|--|
| 10.6   | <a href="#">Second Amended and Restated Credit Agreement, dated as of March 29, 2023</a> , by and among Perficient, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing lender, Bank of America, N.A. and U.S. Bank National Association, as syndication agents, JPMorgan Chase Bank, N.A., as documentation agent, Wells Fargo Securities, LLC, BofA Securities, Inc. and U.S. Bank National Association as joint lead arrangers and joint bookrunners and the other lenders parties thereto previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on May 2, 2023 and incorporated herein by reference |
| 10.7†  | <a href="#">Form of Restricted Stock Award Agreement (Non-Employee Director Award)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference  |
| 10.8†  | <a href="#">Form of Restricted Stock Award and Non-Competition Agreement (Employee Grant)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference   |
| 10.9†  | <a href="#">Form of Restricted Stock Unit Award and Non-Competition Agreement (Employee Grant)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference  |
| 10.10† | <a href="#">Form of Restricted Stock Award Agreement (Non-Employee Director Award)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference  |
| 10.11† | <a href="#">Form of Restricted Stock Award and Non-Competition Agreement (Employee Grant)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference   |
| 10.12† | <a href="#">Form of Restricted Stock Unit Award and Non-Competition Agreement (Employee Grant)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference  |
| 10.13† | <a href="#">Form of Performance Award Agreement (Employee Grant)</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed July 27, 2023 and incorporated herein by reference  |
| 10.14  | <a href="#">Form of Convertible Note Hedge Transaction Confirmation</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference  |
| 10.15  | <a href="#">Form of Warrant Transaction Confirmation</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference   |
| 10.16  | <a href="#">Form of Convertible Note Hedge Transaction Confirmation</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference   |
| 10.17  | <a href="#">Form of Warrant Transaction Confirmation</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference  |
| 10.18  | <a href="#">Form of Exchange Agreement</a> , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference  |
| 19.1*  | <a href="#">Perficient, Inc. Insider Trading Policy, dated July 25, 2023</a>   |
| 21.1*  | <a href="#">Subsidiaries</a>   |
| 23.1*  | <a href="#">Consent of KPMG LLP</a>  |
| 24.1*  | Power of Attorney (included on the signature page hereto)  |
| 31.1*  | <a href="#">Certification by the Chief Executive Officer of Perficient, Inc.</a> as required by Section 302 of the Sarbanes-Oxley Act of 2002  |
| 31.2*  | <a href="#">Certification by the Chief Financial Officer of Perficient, Inc.</a> as required by Section 302 of the Sarbanes-Oxley Act of 2002  |
| 32.1*  | <a href="#">Certification by the Chief Executive Officer and Chief Financial Officer of Perficient, Inc.</a> pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |
| 97.1*  | <a href="#">Perficient, Inc. Clawback Policy (Effective July 25, 2023)</a>   |

101\* The following financial information from Perficient, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2023 and 2022, (ii) Consolidated Statements of Operations for the years ended December 31, 2023, 2022, and 2021, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022, and 2021, (iv) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2023, 2022, and 2021, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022, and 2021, and (vi) the Notes to Consolidated Financial Statements

104 Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

† Identifies an Exhibit that consists of or includes a management contract or compensatory plan or arrangement.

\* Filed herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PERFICIENT, INC.

By: /s/ Paul E. Martin

Paul E. Martin

Chief Financial Officer (*Principal Financial Officer*)

Date: February 27, 2024

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas J. Hogan and Paul E. Martin, and each of them (with full power to each of them to act alone), his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign on his or her behalf individually and in each capacity stated below any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <b>Signature</b>                                  | <b>Title</b>  | <b>Date</b>       |
|---|---|-------------------|
| <u>/s/ Thomas J. Hogan</u><br>Thomas J. Hogan     | Director, President and Chief Executive Officer<br><i>(Principal Executive Officer)</i> | February 27, 2024 |
| <u>/s/ Paul E. Martin</u><br>Paul E. Martin       | Chief Financial Officer<br><i>(Principal Financial Officer)</i>                         | February 27, 2024 |
| <u>/s/ Susan L. Adomite</u><br>Susan L. Adomite   | Senior Vice President and Controller<br><i>(Principal Accounting Officer)</i>           | February 27, 2024 |
| <u>/s/ Jeffrey S. Davis</u><br>Jeffrey S. Davis   | Chairman of the Board   | February 27, 2024 |
| <u>/s/ Romil Bahl</u><br>Romil Bahl               | Director  | February 27, 2024 |
| <u>/s/ Jill A. Jones</u><br>Jill A. Jones         | Director  | February 27, 2024 |
| <u>/s/ David S. Lundeen</u><br>David S. Lundeen   | Director  | February 27, 2024 |
| <u>/s/ Brian L. Matthews</u><br>Brian L. Matthews | Director  | February 27, 2024 |
| <u>/s/ Nancy C. Pechloff</u><br>Nancy C. Pechloff | Director  | February 27, 2024 |
| <u>/s/ Gary M. Wimberly</u><br>Gary M. Wimberly   | Director  | February 27, 2024 |