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DELTA REPORT

10-Q

PRFT - PERFICIENT INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	845
CHANGES	260
DELETIONS	285
ADDITIONS	300

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 2024

OR

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

For the transition period from to

Commission file number: 001-15169
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

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 during the past 90 days. þ Yes o 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). þ Yes o 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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	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. o

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

As of October 23, 2023 April 25, 2024, there were 34,771,617 35,156,319 shares of Common Stock outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on this Form 10-Q (“Form 10-Q”) 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. the 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”). ;
(8) uncertainties associated with the proposed merger of Perficient with an affiliate of BPEA Private Equity Fund VIII (“EQT Asia”);
(9) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement entered into in connection with the proposed merger;
(10) risks related to disruption of management time from ongoing business operations due to the proposed merger;
(11) the risk that the conditions to the proposed merger may not be satisfied in a timely manner or at all;
(12) the risk of any unexpected costs or expenses resulting from the proposed merger;
(13) restrictions imposed on our business during the pendency of the proposed merger;
(14) the risk of any litigation relating to the proposed merger; and
(15) the risk that the proposed merger and its announcement could have an adverse effect on the ability of Perficient to retain and hire key personnel and to maintain relationships with customers, vendors, partners, employees, stockholders and other business relationships and on its operating results and business generally.

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 our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, 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 Form 10-Q 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 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. Financial Statements

Perficient, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share information)

		September 30, 2023 (unaudited)	December 31, 2022	March 31, 2024 (unaudited)	December 31, 2023
Assets	**Assets**				
Current assets:	Current assets:				
Cash and cash equivalents		$ 80,087	$ 30,130		
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Current assets:					
Cash, cash equivalents and restricted cash					
Accounts receivable, net	Accounts receivable, net	185,140	202,298		
Prepaid expenses	Prepaid expenses	6,840	6,432		
Other current assets	Other current assets	19,148	16,756		
Total current assets	Total current assets	291,215	255,616		
Property and equipment, net	Property and equipment, net	13,918	17,970		
Operating lease right-of-use assets	Operating lease right-of-use assets	23,588	27,088		
Goodwill	Goodwill	577,628	565,161		
Intangible assets, net	Intangible assets, net	74,882	88,937		
Other non-current assets	Other non-current assets	47,266	41,116		
Total assets	Total assets	$1,028,497	$ 995,888		
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**				
Liabilities and Stockholders' Equity					
Liabilities and Stockholders' Equity					
Current liabilities:	Current liabilities:			Current liabilities:	
Accounts payable	Accounts payable	$ 15,307	$ 24,351		
Other current liabilities	Other current liabilities	54,992	104,780		
Total current liabilities	Total current liabilities	70,299	129,131		

Long-term debt, net	Long-term debt, net	396,303	394,587
Operating lease liabilities	Operating lease liabilities	18,052	18,528
Other non-current liabilities	Other non-current liabilities	41,154	43,515
Total liabilities	Total liabilities	$ 525,808	$ 585,761
Stockholders' equity:	Stockholders' equity:		
Preferred stock (par value $0.001 per share; 8,000,000 authorized; no shares issued or outstanding as of September 30, 2023 and December 31, 2022)		$ —	$ —
Common stock (par value $0.001 per share; 100,000,000 authorized; 53,317,130 shares issued and 34,122,836 shares outstanding as of September 30, 2023; 53,082,010 shares issued and 34,071,750 shares outstanding as of December 31, 2022)		53	53
Preferred stock (par value $0.001 per share; 8,000,000 authorized; no shares issued or outstanding as of March 31, 2024 and December 31, 2023)			
Common stock (par value $0.001 per share; 100,000,000 authorized; 53,833,315 shares issued and 34,455,848 shares outstanding as of March 31, 2024; 53,465,127 shares issued and 34,174,200 shares outstanding as of December 31, 2023)			
Additional paid-in capital	Additional paid-in capital	424,989	403,866

Stockholders' equity:

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(8,705)	(17,519)
Treasury stock, at cost (19,194,294 shares as of September 30, 2023; 19,010,260 shares as of December 31, 2022)		(367,669)	(354,536)
Treasury stock, at cost (19,377,467 shares as of March 31, 2024; 19,290,927 shares as of December 31, 2023)			
Retained earnings	Retained earnings	454,021	378,263
Total stockholders' equity	Total stockholders' equity	502,689	410,127
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$1,028,497	$ 995,888

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share information)

Three Months Ended Three Months Ended Three Months Ended March 31, March 31, March 31,									
		Three Months Ended September 30,				**Nine Months Ended September 30,**			
		2023		**2022**		**2023**		**2022**	
Revenues	Revenues	$	223,238	$	227,614	$	685,751	$	672,463
Revenues									
Revenues									
Cost of revenues (cost of services, exclusive of depreciation and amortization, shown separately below)			142,979		136,416		433,359		411,696
Cost of revenues (exclusive of depreciation and amortization, shown separately below)									

Cost of revenues (exclusive of depreciation and amortization, shown separately below)					
Cost of revenues (exclusive of depreciation and amortization, shown separately below)					
Cost of services					
Cost of services					
Cost of services					
Stock compensation					
Stock compensation					
Stock compensation					
Total cost of revenues					
Total cost of revenues					
Total cost of revenues					
Selling, general and administrative	Selling, general and administrative	42,109	44,273	130,206	127,384
Selling, general and administrative					
Selling, general and administrative					
Stock compensation					
Stock compensation					
Stock compensation					
Total selling, general and administrative					
Total selling, general and administrative					
Total selling, general and administrative					
Depreciation					
Depreciation					
Depreciation	Depreciation	2,194	2,355	6,723	6,233
Amortization	Amortization	5,032	6,087	16,372	18,064
Amortization					
Amortization					
Acquisition costs					
Acquisition costs					
Acquisition costs	Acquisition costs	456	2,148	464	2,508
Adjustment to fair value of contingent consideration	Adjustment to fair value of contingent consideration	(1,748)	3,115	(6,475)	(351)
Adjustment to fair value of contingent consideration					
Adjustment to fair value of contingent consideration					
Income from operations					
Income from operations					
Income from operations	Income from operations	32,216	33,220	105,102	106,929
Net interest (income) expense	Net interest (income) expense	(7)	616	794	2,308
Net other expense		236	20	698	406
Net interest (income) expense					
Net interest (income) expense					

Net other (income) expense					
Net other (income) expense					
Net other (income) expense					
Income before income taxes	Income before income taxes	31,987	32,584	103,610	104,215
Income before income taxes					
Income before income taxes					
Provision for income taxes					
Provision for income taxes					
Provision for income taxes	Provision for income taxes	9,391	9,569	27,852	26,282
Net income	Net income	$ 22,596	$ 23,015	$ 75,758	$ 77,933
Net income					
Net income					
Basic net income per share					
Basic net income per share					
Basic net income per share	Basic net income per share	$ 0.66	$ 0.68	$ 2.23	$ 2.30
Diluted net income per share	Diluted net income per share	$ 0.63	$ 0.64	$ 2.11	$ 2.17
Diluted net income per share					
Diluted net income per share					
Shares used in computing basic net income per share					
Shares used in computing basic net income per share					
Shares used in computing basic net income per share	Shares used in computing basic net income per share	33,989	33,861	33,964	33,873
Shares used in computing diluted net income per share	Shares used in computing diluted net income per share	36,713	36,663	36,709	36,763
Shares used in computing diluted net income per share					
Shares used in computing diluted net income per share					

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Unaudited Condensed Consolidated Statements of Comprehensive Income
(in thousands)

	Three Months Ended	
	Three Months Ended	
	Three Months Ended	
	March 31,	
	March 31,	
	March 31,	
	Three Months Ended	**Nine Months Ended**

		September 30,		September 30,	
		2023	2022	2023	2022
Net income	Net income	$ 22,596	$ 23,015	$ 75,758	$ 77,933
Other comprehensive income (loss):					
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Other comprehensive (loss) income:					
Other comprehensive (loss) income:					
Other comprehensive (loss) income:					
Foreign currency translation adjustment, net of tax					
Foreign currency translation adjustment, net of tax					
Foreign currency translation adjustment, net of tax	Foreign currency translation adjustment, net of tax	1,437	(5,356)	8,814	(8,374)
Comprehensive income	Comprehensive income	$ 24,033	$ 17,659	$ 84,572	$ 69,559
Comprehensive income					
Comprehensive income					

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(in thousands)

		Three Months Ended
		Three Months Ended
		Three Months Ended
		March 31,
		March 31,
		March 31,
	2024	
	2024	
	2024	
Common Stock		
Common Stock		
Common Stock		
Beginning of period		
Beginning of period		
Beginning of period		

	Stock compensation related to restricted stock vesting and retirement savings plan contributions
	Stock compensation related to restricted stock vesting and retirement savings plan contributions
	Stock compensation related to restricted stock vesting and retirement savings plan contributions
End of period	
End of period	
End of period	
Additional Paid-in Capital	
Additional Paid-in Capital	
Additional Paid-in Capital	
Beginning of period	
Beginning of period	
Beginning of period	
	Proceeds from the sales of stock through the Employee Stock Purchase Plan
	Proceeds from the sales of stock through the Employee Stock Purchase Plan
	Proceeds from the sales of stock through the Employee Stock Purchase Plan
	Stock compensation related to restricted stock vesting and retirement savings plan contributions
	Stock compensation related to restricted stock vesting and retirement savings plan contributions
	Stock compensation related to restricted stock vesting and retirement savings plan contributions

Issuance of stock in conjunction with acquisition including stock attributed to future compensation

Issuance of stock in conjunction with acquisition including stock attributed to future compensation

Issuance of stock in conjunction with acquisition including stock attributed to future compensation

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Common Stock					
Beginning of period		$ 53	$ 53	$ 53	$ 53
	Stock compensation related to restricted stock vesting and retirement savings plan contributions	—	—	—	—
End of period	End of period	53	53	53	53
Additional Paid-in Capital					
Beginning of period		418,123	383,987	403,866	423,235
	Proceeds from the sales of stock through the Employee Stock Purchase Plan	247	257	765	832
	Stock compensation related to restricted stock vesting and retirement savings plan contributions	6,619	5,715	20,358	17,399
	Issuance of stock in conjunction with acquisition including stock attributed to future compensation	—	3,142	—	3,142
End of period					
	Cumulative effect of accounting changes (See Note 3)	—	—	—	(51,507)
End of period	End of period	424,989	393,101	424,989	393,101
Accumulated Other Comprehensive Loss	**Accumulated Other Comprehensive Loss**				

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss

Beginning of period

Beginning of period					
Beginning of period	Beginning of period	(10,142)	(8,861)	(17,519)	(5,843)
	Foreign currency translation adjustment	1,437	(5,356)	8,814	(8,374)
	Foreign currency translation adjustment				
	Foreign currency translation adjustment				
	Foreign currency translation adjustment				
End of period					
End of period					
End of period	End of period	(8,705)	(14,217)	(8,705)	(14,217)
Treasury Stock	**Treasury Stock**				
Treasury Stock					
Treasury Stock					
Beginning of period					
Beginning of period					
Beginning of period					
	Purchases of treasury stock and buyback of shares for taxes				
	Purchases of treasury stock and buyback of shares for taxes				
	Purchases of treasury stock and buyback of shares for taxes				
	Stock reacquired for escrow claim				
	Stock reacquired for escrow claim				
	Stock reacquired for escrow claim				
End of period					
End of period					
End of period					
Retained Earnings					
Retained Earnings					
Retained Earnings					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	(364,768)	(337,237)	(354,536)	(324,412)

	Purchases of treasury stock and buyback of shares for taxes	(2,640)	(9,234)	(12,708)	(22,059)
	Net income				
	Net income				
	Stock reacquired for escrow claim	(261)	—	(425)	—
	Net income				
End of period	End of period	(367,669)	(346,471)	(367,669)	(346,471)
Retained Earnings					
Beginning of period		431,425	328,789	378,263	271,732
	Cumulative effect of accounting changes (See Note 3)	—	—	—	2,139
	Net income	22,596	23,015	75,758	77,933
End of period					
End of period	End of period	454,021	351,804	454,021	351,804
Total Stockholders' Equity	**Total Stockholders' Equity**	$ 502,689	$ 384,270	$ 502,689	$ 384,270
Total Stockholders' Equity					
Total Stockholders' Equity					

See accompanying notes to interim unaudited condensed consolidated financial statements.

		Three Months Ended September 30,		**Nine Months Ended September 30,**	
Common Stock, shares		**2023**	**2022**	**2023**	**2022**
Beginning of period		34,145	33,993	34,072	33,881
		Three Months Ended			
	Sales of stock through the Employee Stock Purchase Plan	3	3	11	8
	Stock compensation related to restricted stock vesting and retirement savings plan contributions	21	14	229	246
	Purchases of treasury stock and buyback of shares for taxes	(43)	(111)	(184)	(236)
	Issuance of stock in conjunction with acquisition including stock attributed to future compensation	—	49	—	49
	Stock reacquired for escrow claim	(3)	—	(5)	—
		Three Months Ended			
		Three Months Ended			
		March 31,			
		March 31,			

		March 31,
Common Stock, shares		
Common Stock, shares		
Common Stock, shares		
Beginning of period		
Beginning of period		
Beginning of period		
	Sales of stock through the Employee Stock Purchase Plan	
	Sales of stock through the Employee Stock Purchase Plan	
	Sales of stock through the Employee Stock Purchase Plan	
	Stock compensation related to restricted stock vesting, retirement savings plan contributions and other	
	Stock compensation related to restricted stock vesting, retirement savings plan contributions and other	
	Stock compensation related to restricted stock vesting, retirement savings plan contributions and other	
	Purchases of treasury stock, buyback of shares for taxes and other	
	Purchases of treasury stock, buyback of shares for taxes and other	
	Purchases of treasury stock, buyback of shares for taxes and other	
	Issuance of stock in conjunction with acquisition including stock attributed to future compensation	

	Issuance of stock in conjunction with acquisition including stock attributed to future compensation				
	Issuance of stock in conjunction with acquisition including stock attributed to future compensation				
	Stock reacquired for escrow claim				
	Stock reacquired for escrow claim				
	Stock reacquired for escrow claim				
End of period	End of period	34,123	33,948	34,123	33,948
End of period					
End of period					

See accompanying notes to interim unaudited condensed consolidated financial statements.

Perficient, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,				
	Three Months Ended March 31,			**Three Months Ended March 31,**	
		2023	**2022**	**2024**	**2023**
Operating Activities	**Operating Activities**				
Net income	Net income	$75,758	$77,933		
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operations:	Adjustments to reconcile net income to net cash provided by operations:				
Depreciation					
Depreciation					
Depreciation	Depreciation	6,723	6,233		
Amortization	Amortization	16,372	18,064		
Deferred income taxes					
Deferred income taxes					

Deferred income taxes	Deferred income taxes	(4,896)	(7,353)
Non-cash stock compensation and retirement savings plan contributions	Non-cash stock compensation and retirement savings plan contributions	20,574	17,733
Amortization of debt issuance costs	Amortization of debt issuance costs	1,870	1,822
Adjustment to fair value of contingent consideration for purchase of businesses	Adjustment to fair value of contingent consideration for purchase of businesses	(6,475)	(351)
Changes in operating assets and liabilities, net of business acquisitions:			
Changes in operating assets and liabilities, net of business acquisitions:			
Changes in operating assets and liabilities, net of business acquisitions:	Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	Accounts receivable	17,388	(12,642)
Other assets	Other assets	(7,530)	(2,153)
Accounts payable	Accounts payable	(9,116)	(7,288)
Other liabilities	Other liabilities	(22,184)	(20,557)
Net cash provided by operating activities	Net cash provided by operating activities	88,484	71,441
Investing Activities	**Investing Activities**		
Investing Activities			
Investing Activities			
Purchase of property and equipment	Purchase of property and equipment	(4,209)	(7,019)
Capitalization of internally developed software costs	Capitalization of internally developed software costs	(856)	(678)
Purchase of businesses, net of cash acquired	Purchase of businesses, net of cash acquired	254	(44,716)

Net cash used in investing activities	Net cash used in investing activities	(4,811)	(52,413)
Financing Activities	**Financing Activities**		
Financing Activities			
Financing Activities			
Payment for credit facility financing fees	Payment for credit facility financing fees	(750)	—
Proceeds from line of credit		—	10,000
Payments on line of credit		—	(10,000)
Payment for credit facility financing fees			
Payment for credit facility financing fees			
Payment of contingent consideration for purchase of business			
Payment of contingent consideration for purchase of business			
Payment of contingent consideration for purchase of business	Payment of contingent consideration for purchase of business	(21,530)	—
Proceeds from the sale of stock through the Employee Stock Purchase Plan	Proceeds from the sale of stock through the Employee Stock Purchase Plan	765	832
Purchases of treasury stock	Purchases of treasury stock	(7,601)	(13,052)
Remittance of taxes withheld as part of a net share settlement of restricted stock vesting	Remittance of taxes withheld as part of a net share settlement of restricted stock vesting	(5,107)	(9,007)
Net cash used in financing activities	Net cash used in financing activities	(34,223)	(21,227)
Effect of exchange rate on cash and cash equivalents		507	(1,366)
Change in cash and cash equivalents		49,957	(3,565)
Cash and cash equivalents at beginning of period		30,130	24,410
Cash and cash equivalents at end of period		$80,087	$20,845
Effect of exchange rate on cash, cash equivalents and restricted cash			

Change in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash at beginning of period
Cash, cash equivalents and restricted cash at end of period

See accompanying notes to interim unaudited condensed consolidated financial statements.

		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Supplemental Disclosures:	**Supplemental Disclosures:**					
Cash paid for income taxes						
Cash paid for income taxes						
Cash paid for income taxes	Cash paid for income taxes	$41,469	$25,912			
Cash paid for interest	Cash paid for interest	$ 555	$ 697			
Non-Cash Investing Activity:	**Non-Cash Investing Activity:**					
Non-Cash Investing Activity:						
Non-Cash Investing Activity:						
Stock issued for purchase of businesses (stock reacquired for escrow claim)	Stock issued for purchase of businesses (stock reacquired for escrow claim)	$ (425)	$ 2,556			
Liability incurred for purchase of property and equipment		$ 190	$ 3,765			
Stock issued for purchase of businesses (stock reacquired for escrow claim)						
Stock issued for purchase of businesses (stock reacquired for escrow claim)						

See accompanying notes to interim unaudited condensed consolidated financial statements.

1. Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements of Perficient, Inc. and its subsidiaries (collectively, the “Company”) have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and are presented in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) applicable to interim financial information. Accordingly, certain note disclosures have been condensed or omitted. In the opinion of management, the interim unaudited condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. These financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto filed with the SEC in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Certain reclassifications were made to prior period financial statement year amounts have been reclassified to conform to current period the 2024 presentation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with 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.

There have been no changes to significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 that have had a material impact on the Company’s condensed consolidated financial statements and related notes.

3. Recent Accounting Pronouncements

In August 2020, November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2020-06, 2023-07, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) Segment Reporting (Topic 280) Improvements To Reportable Segment Disclosures*(“ASU 2020-06”), which simplifies the accounting requires additional disclosures about a public entity’s reportable segments and addresses requests from investors and other allocators of capital for convertible instruments. additional, more detailed information about a reportable segment’s expenses. 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 Company will adopt this ASU removes certain settlement conditions required for equity contracts to qualify retrospectively for the derivative scope exception, permitting more contracts to qualify annual period beginning on January 1, 2024 and 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 interim 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 “Notes”) described in Note 11, *Long-Term Debt*January 1, 2025. 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 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.

4. Revenue

The Company’s revenues consist of services and software and hardware sales. In accordance with Accounting Standards Codification (“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

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 Unaudited Condensed 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 because the amortization period would have been one year or less.

Deferred Revenue

The Company's deferred revenue balance as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $5.3 million $3.3 million and $12.7 million $5.5 million, respectively. Substantially all of the December 31, 2022 December 31, 2023 deferred revenue balance was recognized in revenue during the nine three months ended September 30, 2023 March 31, 2024.

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 September 30, 2023 March 31, 2024 was immaterial.

Disaggregation of Revenue

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

	Three Months Ended September 30,					
	2023			2022		
	Over Time	Point In Time	Total Revenues	Over Time	Point In Time	Total Revenues
Time and materials contracts	$ 162.8	$ —	$ 162.8	$ 176.3	$ —	$ 176.3
Fixed fee percent complete contracts	14.5	—	14.5	11.3	—	11.3
Fixed fee contracts	40.4	—	40.4	35.0	—	35.0
Reimbursable expenses	3.2	—	3.2	2.1	—	2.1
Total professional services fees	220.9	—	220.9	224.7	—	224.7
Other services revenue*	1.5	0.3	1.8	1.9	0.4	2.3
Total services	222.4	0.3	222.7	226.6	0.4	227.0
Software and hardware	—	0.5	0.5	—	0.6	0.6
Total revenues	$ 222.4	$ 0.8	$ 223.2	$ 226.6	$ 1.0	$ 227.6

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

		Nine Months Ended September 30,						Three Months Ended March 31,					
		2023			2022								
	2024								2024			2023	
		Over Time	Point In Time	Total Revenues	Over Time	Point In Time	Total Revenues	Over Time	Point In Time	Total Revenues	Over Time	Point In Time	Total Revenues
Time and materials contracts	Time and materials contracts	$508.9	$ —	$ 508.9	$518.5	$ —	$ 518.5						
Fixed fee percent complete contracts	Fixed fee percent complete contracts	45.5	—	45.5	39.2	—	39.2						
Fixed fee contracts	Fixed fee contracts	116.3	—	116.3	99.3	—	99.3						
Reimbursable expenses	Reimbursable expenses	7.8	—	7.8	6.5	—	6.5						
Total professional services fees	Total professional services fees	678.5	—	678.5	663.5	—	663.5						
Other services revenue*	Other services revenue*	4.4	1.3	5.7	5.8	1.4	7.2						
Total services	Total services	682.9	1.3	684.2	669.3	1.4	670.7						
Software and hardware	Software and hardware	—	1.6	1.6	—	1.8	1.8						
Total revenues	Total revenues	$682.9	$ 2.9	$ 685.8	$669.3	$ 3.2	$ 672.5						

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

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

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
United States	United States	$ 214.4	$ 219.9	$ 661.0	$ 650.3
United States					
United States					
Other countries					
Other countries					
Other countries	Other countries	8.8	7.7	24.8	22.2
Total revenues	Total revenues	$ 223.2	$ 227.6	$ 685.8	$ 672.5
Total revenues					
Total revenues					

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 2012 Long Term Incentive Plan (as amended, the "Incentive Plan") allows for the granting of various types of stock awards, not to exceed a total of 8.5 million shares, 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 Incentive Plan was increased by 1.5 million shares on June 7, 2023 upon the approval of the Company's stockholders at the 2023 annual meeting. As of September 30, 2023 March 31, 2024, there were 2.2 million 1.8 million shares of common stock available for issuance under the Incentive Plan.

Stock-based compensation cost recognized for the three and nine months ended September 30, 2023 March 31, 2024 was $6.7 million and $20.9 million $12.4 million, respectively, which included $1.1 million and $3.5 million, respectively, $1.0 million of expense for retirement savings plan contributions. The associated current and future income tax benefit recognized was $2.0 million and $5.6 million $3.7 million for the three and nine months ended September 30, 2023, respectively. March 31, 2024. Stock-based compensation cost recognized for the three and nine months ended September 30, 2022 March 31, 2023 was $6.1 million and $18.1 million $6.8 million, respectively, which included $1.1 million and $3.3 million, respectively, of expense for retirement savings plan contributions. The associated current and future income tax benefit recognized was $1.8 million and $4.6 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023.

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 is continuing 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. 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 three months ended March 31, 2024 was approximately $5.6 million.

Restricted Stock Awards ("RSAs")

Restricted stock activity for the nine three months ended September 30, 2023 March 31, 2024 was as follows (shares in thousands):

	RSAs (Shares)	Weighted-Average Grant Date Fair Value	RSAs (Shares)	Weighted-Average Grant Date Fair Value

Restricted stock awards outstanding at December 31, 2022		616	$ 72.02
Restricted stock awards outstanding at December 31, 2023			
Awards granted	Awards granted	240	73.50
Awards vested	Awards vested	(179)	64.77
Awards forfeited	Awards forfeited	(34)	72.46
Restricted stock awards outstanding at September 30, 2023		643	$ 74.57
Restricted stock awards outstanding at March 31, 2024			

As of September 30, 2023 March 31, 2024, there was $31.9 million $37.0 million of total unrecognized compensation cost related to non-vested RSAs with a weighted-average remaining life of two years.

Performance Stock Awards (“PSAs”)

The In connection with the announcement of Thomas J. Hogan’s promotion to Chief Executive Officer, the Company also grants PSAs granted a PSA of 10,842 shares to Mr. Hogan on July 25, 2023 under the Incentive Plan with terms determined at the discretion of the compensation committee Compensation Committee of the Company’s board Board of directors. Directors. The actual number of PSAs shares subject to the PSA 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 three months ended September 30, 2023, the Company awarded 10,842 PSAs with a grant date fair market value of $80.90 per share. share was based on a Monte Carlo simulation model as of the date of the award. PSA related stock-based compensation cost recognized for both the three and nine months ended September 30, 2023 March 31, 2024 was immaterial.

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

	Nine Months Ended September 30, 2023
Valuation assumptions:	
Expected dividend yield	—
Expected volatility	52.37 %
Expected term (years)	3.44
Risk-free interest rate	4.45 %

$0.1 million. As of September 30, 2023 March 31, 2024, there was $0.8 $0.7 million of total unrecognized compensation cost related to unvested PSAs, expected to be recognized over a period of three years.

6. Net Income per Share

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

Three Months Ended
Three Months Ended
Three Months Ended
March 31,
March 31,
March 31,

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Net income, basic	Net income, basic	$ 22,596	$ 23,015	$ 75,758	$ 77,933
Net income, basic					
Net income, basic					
Add back interest expense on convertible notes, net of tax	Add back interest expense on convertible notes, net of tax	539	539	1,674	1,712
Add back interest expense on convertible notes, net of tax					
Add back interest expense on convertible notes, net of tax					
Net income, diluted					
Net income, diluted					
Net income, diluted	Net income, diluted	$ 23,135	$ 23,554	$ 77,432	$ 79,645
Basic:	Basic:				
Basic:					
Basic:					
Weighted-average shares of common stock outstanding					
Weighted-average shares of common stock outstanding					
Weighted-average shares of common stock outstanding	Weighted-average shares of common stock outstanding	33,989	33,861	33,964	33,873
Shares used in computing basic net income per share	Shares used in computing basic net income per share	33,989	33,861	33,964	33,873
Shares used in computing basic net income per share					
Shares used in computing basic net income per share					
Effect of dilutive securities:					
Effect of dilutive securities:					
Effect of dilutive securities:	Effect of dilutive securities:				
Restricted stock and performance stock awards subject to vesting	Restricted stock and performance stock awards subject to vesting	154	255	147	298
Restricted stock and performance stock awards subject to vesting					

Restricted stock and performance stock awards subject to vesting									
Shares issuable for acquisition consideration (1)									
Shares issuable for acquisition consideration (1)									
Shares issuable for acquisition consideration (1)	Shares issuable for acquisition consideration (1)		140		13		168		66
Shares issuable for conversion of convertible senior notes	Shares issuable for conversion of convertible senior notes		2,430		2,431		2,430		2,431
Shares issuable for exercise of warrants			—		103		—		95
Shares issuable for conversion of convertible senior notes									
Shares issuable for conversion of convertible senior notes									
Shares used in computing diluted net income per share									
Shares used in computing diluted net income per share									
Shares used in computing diluted net income per share	Shares used in computing diluted net income per share		36,713		36,663		36,709		36,763
Basic net income per share	Basic net income per share	$	0.66	$	0.68	$	2.23	$	2.30
Basic net income per share									
Basic net income per share									
Diluted net income per share	Diluted net income per share	$	0.63	$	0.64	$	2.11	$	2.17
Diluted net income per share									
Diluted net income per share									

(1) For the three and nine months ended September 30, 2023 March 31, 2024, 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" (collectively, "Talos"); (v) (iii) the Stock Purchase Agreement with the shareholders of Izmul S.A. ("Overactive"); (vi) (iv) the Stock Purchase Agreement with the shareholders of Inflection Point Systems, Inc. Ameex Technologies Corporation ("Inflection Point" Ameex"); and (vii) (v) the Purchase Agreement with Ameex Technologies Corporation the shareholders of SMEDIX, Inc. ("Ameex" SMEDIX"), as part of the consideration. For the three and nine months ended September 30, 2022 March 31, 2023, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with Zeon; (ii) the Asset Purchase Agreement with Brainjocks; Catalyst Networks, Inc. ("Brainjocks"); (iii) the Stock Purchase Agreement with the shareholders of PSL; Productora de Software S.A.S. ("PSL"); (iv) the Purchase Agreement with Talos; (v) the Stock Purchase Agreement with the shareholders of Overactive; and (vi) the Stock Purchase Agreement with the shareholders of Inflection Point Systems, Inc.; and (vii) the Purchase Agreement with the shareholders of Ameex, 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):

	Three Months Ended
	Three Months Ended
	Three Months Ended
	March 31,
	March 31,

		March 31,			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Restricted stock and performance stock awards subject to vesting	Restricted stock and performance stock awards subject to vesting	153	76	191	78
Restricted stock and performance stock awards subject to vesting					
Restricted stock and performance stock awards subject to vesting					
Warrants related to the issuance of convertible senior notes					
Warrants related to the issuance of convertible senior notes					
Warrants related to the issuance of convertible senior notes	Warrants related to the issuance of convertible senior notes	2,431	1,980	2,431	1,980
Total anti-dilutive securities	Total anti-dilutive securities	2,584	2,056	2,622	2,058
Total anti-dilutive securities					
Total anti-dilutive securities					

See Note 11, *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 $287.4 million $291.1 million (16.5 million shares) of outstanding common stock through September 30, 2023 March 31, 2024.

7. Balance Sheet Components

		September 30, 2023 (unaudited)	December 31, 2022			
March 31, 2024 (unaudited)					March 31, 2024 (unaudited)	December 31, 2023
Accounts receivable:	**Accounts receivable:**	(in millions)		**Accounts receivable:**	(in millions)	
Billed accounts receivable, net	Billed accounts receivable, net	$ 107.7	$ 134.5			
Unbilled revenues, net	Unbilled revenues, net	77.4	67.8			
Total	Total	$ 185.1	$ 202.3			
Other current assets:	**Other current assets:**					
Miscellaneous receivables	Miscellaneous receivables				$ 4.4	$ 2.9

Miscellaneous receivables					
Miscellaneous receivables					
Contractual commitment asset	Contractual commitment asset		1.8		0.9
Federal/state income tax receivable			9.9		9.2
Income tax receivable					
Other current assets	Other current assets		3.0		3.8
Total	Total	$	19.1	$	16.8
Property and equipment:	**Property and equipment:**				
Computer hardware (useful life of 3 years)					
Computer hardware (useful life of 3 years)					
Computer hardware (useful life of 3 years)	Computer hardware (useful life of 3 years)	$	26.4	$	26.3
Software (useful life of 1 to 7 years)	Software (useful life of 1 to 7 years)		9.1		11.9
Furniture and fixtures (useful life of 5 years)	Furniture and fixtures (useful life of 5 years)		4.5		4.7
Leasehold improvements (useful life of 5 years)	Leasehold improvements (useful life of 5 years)		7.7		7.7
Less: Accumulated depreciation	Less: Accumulated depreciation		(33.8)		(32.6)
Total	Total	$	13.9	$	18.0
Other non-current assets:	**Other non-current assets:**				
Other non-current assets:					
Other non-current assets:					
Non-current unbilled revenue	Non-current unbilled revenue	$	1.9	$	1.6
Company owned life insurance (“COLI”) asset			11.5		10.5
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Non-current unbilled revenue					
Company owned life insurance asset					
Long term deposits	Long term deposits		1.8		1.9
Credit facility deferred finance fees, net	Credit facility deferred finance fees, net		1.1		0.5
Other non-current assets	Other non-current assets		12.7		8.5
Deferred income taxes	Deferred income taxes		18.3		18.1
Total	Total	$	47.3	$	41.1
Other current liabilities:	**Other current liabilities:**				
Estimated fair value of contingent consideration liability (Note 9)					
Estimated fair value of contingent consideration liability (Note 9)					

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)

Estimated fair value of contingent consideration liability (Note 9)	Estimated fair value of contingent consideration liability (Note 9)	$	4.5	$	32.7
Accrued variable compensation	Accrued variable compensation		11.4		21.1
Current operating lease liabilities	Current operating lease liabilities		7.3		10.3
Payroll related costs	Payroll related costs		11.6		8.9
Deferred revenues	Deferred revenues		5.3		12.7
Income tax payable					
Other current liabilities	Other current liabilities		4.5		9.7
Accrued medical claims expense	Accrued medical claims expense		3.4		2.9
Professional fees	Professional fees		1.6		2.2
Accrued IT expenses	Accrued IT expenses		5.4		4.3
Total	Total	$	55.0	$	104.8

		September 30, 2023 (unaudited)	**December 31, 2022**				
	March 31, 2024 (unaudited)					**March 31, 2024 (unaudited)**	**December 31, 2023**
Other non-current liabilities:	**Other non-current liabilities:**	**(in millions)**		**Other non-current liabilities:**		**(in millions)**	
Deferred income taxes	Deferred income taxes	$ 7.5	$ 8.7				
Reserve for uncertain tax positions	Reserve for uncertain tax positions	17.8	17.5				
Deferred compensation liability	Deferred compensation liability	10.0	9.3				
Other non-current liabilities	Other non-current liabilities	3.6	5.9				
Non-current software accrual	Non-current software accrual	2.3	2.1				
Total	Total	$ 41.2	$ 43.5				

8. Allowance for Credit Losses

In accordance with ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, 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 (in millions):

		Nine Months Ended September 30,			
Three Months Ended March 31,				Three Months Ended March 31,	
		2023	2022	2024	2023
Opening balance at January 1	Opening balance at January 1	$5.8	$2.9		
Opening balance at January 1					
Opening balance at January 1					
Charges to expense, net of recoveries	Charges to expense, net of recoveries	(0.4)	3.2		
Other (1)	Other (1)	(2.0)	(0.4)		
Balance at September 30		$3.4	$5.7		
Balance at March 31					

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

9. Business Combinations

2022 Acquisitions 2024 Acquisition

On October 11, 2022 January 16, 2024, the Company acquired all of the outstanding capital stock of Ameex. Ameex SMEDIX. SEMDIX is a digital experience consultancy healthcare software engineering firm headquartered in Schaumburg, Illinois, San Diego, California, with offshore operations located in Chennai, India. Cluj-Napoca, Romania. The acquisition of Ameex strengthened the Company's SMEDIX continued to strengthen our healthcare industry digital capabilities, enhance our global delivery capabilities, enhanced agile software design, capacity, and expand further expanded our operations in India. Ameex within Eastern Europe. SMEDIX added more than 400 175 professionals and strategic client relationships across several industries. focused in the biomedical and healthcare industry. The Company's total allocable purchase price consideration was $36.1 million $43.6 million, net of cash acquired. The Company incurred approximately $1.7 million in transaction costs, which were expensed when incurred. The amount of goodwill is non-deductible deductible for tax purposes.

On September 7, 2022, the Company acquired all of the outstanding capital stock of Inflection Point. Inflection Point purposes 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. $33.6 million.

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

		Ameex	Inflection Point			
SMEDIX						
Cash, net of cash acquired						
Cash, net of cash acquired						
Cash, net of cash acquired	Cash, net of cash acquired	$ 26.1	$ 44.6			
Company common stock issued at closing	Company common stock issued at closing	4.2	3.0			
Company common stock issued at closing						
Company common stock issued at closing						
Contingent consideration (1)						
Contingent consideration (1)						
Contingent consideration (1)	Contingent consideration (1)	4.3 (2)	6.6 (3)	6.4	(2)	(2)
Net working capital adjustment due to the seller(s)	Net working capital adjustment due to the seller(s)	1.5	(0.2)			
Total allocable purchase price consideration	Total allocable purchase price consideration	$ 36.1	$ 54.0			
Total allocable purchase price consideration						
Total allocable purchase price consideration						

(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 closing date of the acquisition.

(2) The maximum cash payout that may be realized by the sellers in the Ameex SMEDIX acquisition is $5.7 million $14.4 million. As of September 30, 2023 March 31, 2024, the fair value of the contingent consideration was $4.0 million $6.4 million. The Company recorded a pre-tax adjustment to reduce the liability in “Adjustment to fair value of contingent consideration” on the Unaudited Condensed Consolidated Statements of Operations of $0.4 million during both the three and nine months ended September 30, 2023.

(3) The maximum cash payout that may be realized by the sellers in the Inflection Point acquisition is $13.0 million. As of September 30, 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 Unaudited Condensed Consolidated Statements of Operations of $1.3 million and $6.2 million during the three and nine months ended September 30, 2023, respectively.

The Company has estimated the preliminary allocation 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	$	6.8	$	3.3
Identified intangible assets		13.2		20.1
Liabilities assumed		(5.6)		(10.5)
Goodwill		21.7		41.1
Total allocable purchase price consideration	$	36.1	$	54.0

	SMEDIX	
Acquired tangible assets	$	4.9
Identified intangible assets		8.9
Liabilities assumed		(3.1)
Goodwill		32.9
Total allocable purchase price consideration	$	43.6

The following table presents details as of September 30, 2023 of the intangible assets acquired during the year three months ended December 31, 2022 (dollars in millions) March 31, 2024.

	Weighted Average Useful Life	Estimated Useful Life	Aggregate Acquisitions SMEDIX	
Customer relationships	10 6 years	10 6 years	$	29.9 7.0
Customer backlog	1 year	1 year		2.8 1.7
Non-compete agreements	5 years	5 years		0.3 0.1
Trade name	1 year	1 year		0.3 0.1
Total acquired intangible assets			$	33.3 8.9

As the Company completed its evaluation of the acquired assets and assumed liabilities of 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 Inflection Point were not material.

The above purchase price accounting estimates for Ameex SMEDIX are pending finalization of certain acquired tangible and intangible assets, contingent consideration valuation, and a net working capital settlement that is subject to final adjustment as the Company evaluates information during the measurement period. As the Company continues its evaluation of the acquired assets and assumed liabilities of Ameex, 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 were not material.

Pro-forma Results of Operations

Pro-forma results of operations have not been presented for Inflection Point or Ameex SMEDIX because the effect of these acquisitions the acquisition on the Company's condensed consolidated financial statements were was not material individually or in the aggregate. material.

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 three and nine months ended September 30, 2023 March 31, 2024.

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 Unaudited Condensed 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 three and nine months ended September 30, 2023 March 31, 2024.

Goodwill

The changes in the carrying amount of goodwill for the nine three months ended September 30, 2023 March 31, 2024 are as follows (in millions):

Balance at December 31, 2022 December 31, 2023	$	565.2 581.4
Measurement period adjustments Purchase price allocation for acquisitions SMEDIX		3.0 32.9
Effect of foreign currency translation adjustments		9.4 (0.5)
Balance at September 30, 2023 March 31, 2024	$	577.6 613.8

Intangible Assets with Definite Lives

The following table presents a summary of the Company's intangible assets that are subject to amortization (in millions):

		September 30, 2023 (unaudited)			December 31, 2022			March 31, 2024 (unaudited)			December 31, 2023		
		Gross Carrying Amounts	**Accumulated Amortization**	**Net Carrying Amounts**	**Gross Carrying Amounts**	**Accumulated Amortization**	**Net Carrying Amounts**	**Gross Carrying Amounts**	**Accumulated Amortization**	**Net Carrying Amounts**	**Gross Carrying Amounts**	**Accumulated Amortization**	**Net Carrying Amounts**
Customer relationships	Customer relationships	$ 119.0	$ (46.9)	$ 72.1	$ 151.9	$ (68.4)	$ 83.5						
Non-compete agreements	Non-compete agreements	1.1	(0.5)	0.6	1.7	(1.0)	0.7						
Customer backlog	Customer backlog	0.9	(0.9)	—	2.7	(0.7)	2.0						
Trade name	Trade name	0.7	(0.7)	—	0.9	(0.7)	0.2						
Developed software	Developed software	8.4	(6.2)	2.2	7.8	(5.3)	2.5						
Total	Total	$ 130.1	$ (55.2)	$ 74.9	$ 165.0	$ (76.1)	$ 88.9						

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

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

2023 remaining		$	4.2
2024		$	15.4
2024 remaining			
2025	2025	$	12.0
2026	2026	$	9.6
2027	2027	$	7.3
2028			
Thereafter	Thereafter	$	26.4

11. 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 September 30, 2023 March 31, 2024, there was no outstanding balance under the 2023 Credit Agreement. The Company incurred $0.8 million of additional deferred finance fees during the nine three months ended September 30, 2023 March 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 September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024) plus a margin ranging from 0.00% to 1.00% or one month Secured Overnight Financing Rate ("SOFR") (5.31% (5.34% on September 30, 2023 March 31, 2024) 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 September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024, 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 0.125% Convertible Senior Notes Due 2026 (the "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 1.250% Convertible Senior Notes Due 2025 (the "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.

As of September 30, 2023 March 31, 2024, 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 nine three months ended September 30, 2023 March 31, 2024. Based on the closing price of the Company's common stock of $57.86 $56.29 per share on September 30, 2023 March 31, 2024, 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 2025 Notes and 2026 Notes consisted of the following (in millions):

		September 30, 2023 (unaudited)			
Long-term debt:	Long-term debt:	2026 Notes		2025 Notes	
Long-term debt:					
Long-term debt:					
Principal					
Principal					
Principal	Principal	$	380.0	$	23.3
Less: Unamortized debt issuance costs	Less: Unamortized debt issuance costs		(6.7)		(0.3)
Less: Unamortized debt issuance costs					
Less: Unamortized debt issuance costs					
Net carrying amount	Net carrying amount	$	373.3	$	23.0
Net carrying amount					
Net carrying amount					

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

Interest expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 related to the 2026 Notes and 2025 Notes consisted of the following (in millions):

2026 Notes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	March 31,			
	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Coupon interest				
Coupon interest				
Coupon interest / Coupon interest	$ 0.1	$ 0.1	$ 0.4	$ 0.4
Amortization of debt issuance costs / Amortization of debt issuance costs	0.6	0.6	1.6	1.6
Amortization of debt issuance costs				
Amortization of debt issuance costs				
Total interest expense recognized / Total interest expense recognized	$ 0.7	$ 0.7	$ 2.0	$ 2.0
Total interest expense recognized				
Total interest expense recognized				

2025 Notes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	March 31,			
	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Coupon interest				
Coupon interest				
Coupon interest / Coupon interest	$ 0.1	$ 0.1	$ 0.2	$ 0.2
Amortization of debt issuance costs / Amortization of debt issuance costs	—	—	0.1	0.1
Amortization of debt issuance costs				
Amortization of debt issuance costs				
Total interest expense recognized / Total interest expense recognized	$ 0.1	$ 0.1	$ 0.3	$ 0.3
Total interest expense recognized				
Total interest expense recognized				

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 September 30, 2023 March 31, 2024, 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 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 September 30, 2023March 31, 2024, the 2025 Notes Hedges provided the Company with the option to acquire, on a net settlement basis, approximately 0.5 million0.5 million shares of common stock at a strike price of $51.67, which is equal 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 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 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 September 30, 2023, March 31, 2024, 2.0 million warrant shares and 0.5 million warrant shares were outstanding for the 2026 Notes Warrants and 2025 Notes Warrants, respectively.

12. Income Taxes

The Company's effective tax rate was 29.4% and 26.9% for the three and nine months ended September 30, 2023, respectively. The effective tax rate 30.0% for the three months ended September 30, 2023 March 31, 2024, which was higher than the U.S. statutory rate of 21.0% primarily due to state taxes, share-based compensation and Section 162(m) compensation limitations, foreign operations and the prior year true-up of research credits, partially offset by a change in the limitations.

The Company's permanent reinvestment assertion in one jurisdiction and acquisition adjustments. The effective tax rate was 26.6% for the nine three months ended September 30, 2023 March 31, 2023, which was higher than the U.S. statutory rate of 21.0% primarily due to state taxes Section 162(m) compensation limitations and foreign operations, partially offset by tax benefits for acquisition adjustments.

The Company's effective tax rate was 29.4% and 25.2% for the three and nine months ended September 30, 2022, respectively. The effective tax rates for the three and nine months ended September 30, 2022 were higher than the U.S. statutory rate of 21.0% primarily due to state taxes, Section 162(m) compensation limitations and foreign operations, partially offset by tax benefits for share based compensation deductions and research credits.

The undistributed earnings of our foreign subsidiaries are indefinitely reinvested, except in China. In the current quarter, the Company determined that the foreign earnings of its Colombia operations are now permanently reinvested. operations.

13. 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 and 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 loss of $0.2 million and net gain of $1.8 million during the three and nine months ended September 30, 2023, respectively. March 31, 2024. 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 loss gain of $1.0 million and net loss of $0.9 $0.4 million during the three and nine months ended September 30, 2022, respectively. March 31, 2023. Gains and losses on these contracts are recorded in net other expense (income) and net interest expense in the Unaudited Condensed 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):

		September 30, 2023 (unaudited)	December 31, 2022		March 31, 2024 (unaudited)	December 31, 2023
Derivatives not designated as hedges	**Derivatives not designated as hedges**			**Derivatives not designated as hedges**		
Foreign exchange contracts	Foreign exchange contracts	$ 28.7	$ 31.0			
Total derivatives not designated as hedges	Total derivatives not designated as hedges	$ 28.7	$ 31.0			

14. 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, and 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $39.0 million $54.5 million and $8.4 million $45.3 million, respectively of the Company's cash, and cash equivalents and restricted cash balance related to money-market fund investments. These short-term money-market funds are considered Level 1 investments.

The Company has a deferred compensation plan, which is funded through COLI Company owned life insurance ("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. The fair value of the COLI asset was $11.5 million $13.9 million and $10.5 million $12.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

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 values of the Company's derivative instruments outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were 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. An increase in future cash flows may result in a higher estimated fair value while a decrease in future cash flows 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 Unaudited Condensed Consolidated Statements of Operations. Refer to Note 7, *Balance Sheet Components,* for the estimated fair value of the contingent consideration liabilities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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 unamortized issuance costs, and are not carried at fair value at each period end. The approximate fair value of the 2026 Notes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $305.9 million $328.9 million and $295.5 million $316.1 million, respectively. The approximate fair value of the 2025 Notes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $29.0 million $28.3 million and $33.8 million $32.4 million, respectively. The fair values were estimated on the basis of inputs that are observable in the market and are considered Level 2 fair value measurements.

15. Leases

The Company leases office space under various operating lease agreements, which have remaining lease terms of less than one year to seven years. Operating leases are included in operating lease right-of-use assets, other current liabilities, and operating lease liabilities on the consolidated balance sheet. Operating lease expense for the three and nine months ended September 30, 2023 was $3.1 million March 31, 2024 and $9.7 million 2023 were $3.0 million and $3.3 million, respectively, and $3.2 million and $9.6 million for the three and nine months ended September 30, 2022. respectively.

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

		September 30, 2023 (unaudited)	December 31, 2022	March 31, 2024 (unaudited)	December 31, 2023
Other current liabilities	Other current liabilities	$ 7.3	$ 10.3		
Operating lease liabilities	Operating lease liabilities	18.1	18.5		
Total	Total	$ 25.4	$ 28.8		

Future minimum lease payments as of September 30, 2023 March 31, 2024 were as follows (in millions):

		September 30, 2023 (unaudited)	March 31, 2024 (unaudited)
2023 remaining		$ 1.2	
2024		8.9	
2024 remaining			
2025	2025	6.3	
2026	2026	3.9	
2027	2027	3.6	
2028			
Thereafter	Thereafter	3.5	
Total future lease payments	Total future lease payments	27.4	
Less implied interest	Less implied interest	(2.0)	
Total	Total	$ 25.4	

16. 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.

17. Subsequent Event

On October 20, 2023May 5, 2024, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Plano HoldCo, Inc., a Stock Purchase Agreement (the "SMEDIX Agreement" Delaware corporation ("Parent"), by and among Plano BidCo, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are affiliates of EQT Asia. Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company, SMEDIX Inc. ("SMEDIX"), with the sole shareholder Company surviving as a wholly owned subsidiary of SMEDIX Parent (the "Shareholder"), "Merger" and, certain collectively with the other parties thereto. Pursuant to and subject to customary closing conditions contained in transactions contemplated by the SMEDIX Merger Agreement, the Company will acquire all "Transactions"). Under the terms of the outstanding capital Merger Agreement, the Company's stockholders will receive $76.00 in cash per share of Company common stock of SMEDIX. The SMEDIX Agreement includes customary representations, warranties, covenants and termination rights by the parties.

Subject to its closing, 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 outstanding as of the acquisition date. The valuation efforts and related acquisition accounting will be completed following the closing of the transaction. Merger.

Consummation of the Merger is subject to various conditions, including, among others, customary conditions relating to the adoption of the Merger Agreement by the holders of a majority of the Company's outstanding common stock, the expiration or termination of any applicable waiting periods under the Hart-Scott-Rodino Act, conclusion of any review or investigation of the Transactions by the Committee on Foreign Investment in the United States, the receipt of certain foreign regulatory approvals and other customary conditions for a transaction of this type, such as the absence of any legal restraint prohibiting the consummation of the Transactions and the absence of any Company Material Adverse Effect (as defined in the Merger Agreement). Consummation of the Merger is not subject to any financing condition, and is expected to occur by the end of 2024.

The Company expects to incur significant costs, expenses and fees for professional services and other transaction costs in connection with the Merger Agreement. If the Merger Agreement is terminated under specified circumstances, Parent may be required to pay a termination fee of $162.6 million to the Company.

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

Statements made in this Form 10-Q, including without limitation this Management's Discussion and Analysis of Financial Condition and Results of Operations, other than statements of historical information, are forward looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements may sometimes be identified by such words as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. We believe that it is important to communicate our future expectations to investors. However, these forward-looking statements involve many risks and uncertainties. Our actual results could differ materially from those indicated in such forward-looking statements as a result of certain factors, including but not limited to, those set forth under "Risk Factors" in our Annual Report on Form 10-K previously filed with the SEC and elsewhere in this Form 10-Q. We are under no duty to update any of the forward-looking statements after the date of this Form 10-Q to conform these statements to actual results. For additional information, see the "Special Note Regarding Forward-Looking Statements" contained in this Form 10-Q.

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, data and intelligence, platforms and technology, customer experience and digital marketing, innovation and product development, 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 7% of our services revenues for each of the three and nine months ended September 30, 2023March 31, 2024, and 5% and 6% for the three and nine months ended September 30, 2022March 31, 2023, respectively. 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, the impact of travel restrictions imposed as a result of health emergencies and pandemics, 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*, Revenue from Contracts with Customers*, 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.

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 offshore and nearshore 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

Three months ended September 30, 2023 March 31, 2024 compared to three months ended September 30, 2022 March 31, 2023

Revenues. Total revenues decreased 1.9% 7.0% to $223.2 million $215.3 million for the three months ended September 30, 2023 March 31, 2024 from $227.6 million $231.4 million for the three months ended September 30, 2022 March 31, 2023.

	Financial Results (in millions)			Explanation for Increases (Decreases) Over Prior Year Period (in millions)		Financial Results (in millions)		Explanation for Increases (Decreases) Over Prior Year Period (in millions)	
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Total Decrease Over Prior Year Period	Increase Attributable to Revenue Delivered by Resources of Acquired Companies	Decrease Attributable to Revenue Delivered by Base Business Resources	Three Months Ended March 31,	Total Decrease Over Prior Year Period	Increase Attributable to Revenue Delivered by Resources of Acquired Companies	Decrease Attributable to Revenue Delivered by Base Business Resources
Services revenues / Services revenues	$222.7	$227.0	$ (4.3)	$ 8.2	$ (12.5)				

revenues	revenues					
Services revenues						
Services revenues						
Software and hardware revenues	Software and hardware revenues	0.5	0.6	(0.1)	—	(0.1)
Total revenues	Total revenues	$223.2	$227.6	$ (4.4)	$ 8.2	$ (12.6)

Services revenues decreased 1.9% 6.9% to $222.7 million $214.9 million for the three months ended September 30, 2023 March 31, 2024 from $227.0 million $230.8 million for the three months ended September 30, 2022 March 31, 2023. The decrease in services revenues is primarily attributable to services revenues delivered by base business resources, which decreased $12.5 million $19.0 million, partially offset by an increase of $8.2 million $3.1 million in services services revenues delivered by resources of acquired companies. Services revenues delivered by base business resources decreased primarily due to one less billable day in the current quarter, reduced demand and mix shift to offshore, partially offset by improved bill rates. offshore.

Software and hardware revenues decreased to $0.5 million $0.4 million for the three months ended September 30, 2023 March 31, 2024 from $0.6 million for the three months ended September 30, 2022 March 31, 2023.

Cost of Revenues (exclusive of depreciation and amortization, discussed separately below). Cost of revenues increased 4.8% decreased 1.5% to $143.0 million $142.1 million for the three months ended September 30, 2023 March 31, 2024 from $136.4 million $144.2 million for the three months ended September 30, 2022 primarily due to higher average headcount and higher benefit costs. March 31, 2023. Services costs as a percentage of services revenues increased to 64.2% 66.1% for the three months ended September 30, 2023 March 31, 2024 from 60.1% 62.5% for the three months ended September 30, 2022 March 31, 2023, primarily due to the impact higher employee salaries and benefits as a percentage of lower revenues and higher benefit costs. services revenues.

Selling, General and Administrative. SG&A expenses decreased increased to $42.1 million $49.2 million for the three months ended September 30, 2023 March 31, 2024 from $44.3 million $43.9 million for the three months ended September 30, 2022 March 31, 2023. SG&A expenses as a percentage of revenues were 18.9% 22.8% and 19.5% 19.0% for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022. March 31, 2023, respectively. The decrease increase in SG&A expenses as a percentage of revenues was primarily related due to decreases a $5.6 million increase in bonus stock compensation expense resulting from Jeffrey S. Davis's resignation as Executive Chairman of the Company and bad debt expense, partially offset by increases certain amendments to his outstanding award agreements in sales headcount and benefits costs. connection with his resignation.

Depreciation. Depreciation expense decreased 6.8% 12.8% to $2.2 million $2.0 million for the three months ended September 30, 2023 March 31, 2024 from $2.4 million $2.3 million for the three months ended September 30, 2022 March 31, 2023. Depreciation expense as a percentage of revenues was 0.9% and 1.0% for each of the three months ended September 30, 2023 March 31, 2024 and September 30, 2022. March 31, 2023, respectively.

Amortization. Amortization expense decreased 17.3% 16.0% to $5.0 million $4.9 million for the three months ended September 30, 2023 March 31, 2024 from $6.1 million $5.8 million for the three months ended September 30, 2022 March 31, 2023. Amortization expense as a percentage of revenues was 2.2% 2.3% for the three months ended September 30, 2023 March 31, 2024 and 2.7% 2.5% for the three months ended September 30, 2022 March 31, 2023. Amortization expense decreased primarily due to certain intangibles from previous periods becoming fully amortized.

Acquisition Costs. Acquisition-related costs decreased increased to $0.5 million $1.4 million for the three months ended September 30, 2023 March 31, 2024 from $2.1 million $0.1 million for the three months ended September 30, 2022 March 31, 2023. 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. Acquisition costs decreased increased primarily due to the acquisitions acquisition of SMEDIX, Inc. ("SMEDIX") that closed during 2022. in January 2024.

Adjustment to Fair Value of Contingent Consideration. An immaterial adjustment was recorded during the three months ended March 31, 2024 which represents accretion for the SMEDIX revenue and earnings-based contingent consideration liabilities. An adjustment of $1.7 million $2.0 million was recorded to decrease the liability during the three months ended September 30, 2023 March 31, 2023 which represents the net fair market value adjustment to Inflection Point Systems, Inc. ("Inflection Point") and Ameex Technologies Corporation ("Ameex") revenue and earnings-based contingent consideration liabilities, net of accretion for Inflection Point and Ameex. An adjustment of $3.1 million was recorded to increase the liability during the three months ended September 30, 2022 which represents the net fair market adjustment to the revenue and earnings-based contingent consideration liabilities for Talos LLC, Talos Digital LLC, Talos Digital SAS and TCOMM SAS Ameex Technologies Corporation ("Talos" Ameex") and Izmul S.A. ("Overactive"), in addition to accretion. .

Net Interest (Income) Expense. Net interest income was immaterial $0.8 million for the three months ended September 30, 2023 March 31, 2024. Net interest expense was $0.6 million $0.5 million for the three months ended September 30, 2022 March 31, 2023. The decrease in net interest expense was primarily due to a $0.6 million $1.3 million increase in interest income. income resulting from higher average cash balances and higher rates.

Provision for Income Taxes. We provide for federal, state and foreign income taxes at the applicable statutory rates adjusted for non-deductible expenses. Our effective tax rate of 29.4% 30.0% for the three months ended September 30, 2023 March 31, 2024 is unchanged from 29.4% higher than our effective tax rate of 26.6% for the three months ended September 30, 2022.

Nine months ended September 30, 2023 compared to nine months ended September 30, 2022

Revenues. Total revenues increased 2.0% to $685.8 million for the nine months ended September 30, 2023 from $672.5 million for the nine months ended September 30, 2022.

	Financial Results (in millions)			Explanation for Increases (Decreases) Over Prior Year Period (in millions)	
	Nine Months Ended September 30,		Total Increase (Decrease) Over Prior Year Period	Increase Attributable to Revenue Delivered by Resources of Acquired Companies	Decrease Attributable to Revenue Delivered by Base Business Resources
	2023	2022			
Services revenues	$ 684.2	$ 670.7	$ 13.5	$ 26.0	$ (12.5)
Software and hardware revenues	1.6	1.8	(0.2)	—	(0.2)
Total revenues	$ 685.8	$ 672.5	$ 13.3	$ 26.0	$ (12.7)

Services revenues increased 2.0% to $684.2 million for the nine months ended September 30, 2023 from $670.7 million for the nine months ended September 30, 2022. The increase in services revenues is primarily attributable to services revenues delivered by resources of acquired companies, which increased $26.0 million, partially offset by a decrease of $12.5 million in services revenues delivered by base business resources. Services revenues delivered by base business resources decreased primarily due to reduced demand and mix shift to offshore, partially offset by improved bill rates.

Software and hardware revenues decreased to $1.6 million for the nine months ended September 30, 2023 from $1.8 million for the nine months ended September 30, 2022.

Cost of Revenues (exclusive of depreciation and amortization, discussed separately below). Cost of revenues increased 5.3% to $433.4 million for the nine months ended September 30, 2023 from $411.7 million for the nine months ended September 30, 2022 primarily due to higher average headcount and higher benefit costs. Services costs as a percentage of services revenues increased to 63.3% for the nine months ended September 30, 2023 from 61.4% for the nine months ended September 30, 2022 primarily due to lower utilization and higher benefit costs.

Selling, General and Administrative. SG&A expenses increased to $130.2 million for the nine months ended September 30, 2023 from $127.4 million for the nine months ended September 30, 2022. SG&A expenses as a percentage of revenues was 19.0% for the nine months ended September 30, 2023 and 18.9% for the nine months ended September 30, 2022. The increase in SG&A expenses as a percentage of revenues was primarily related to increases in sales headcount, benefits costs, and travel and entertainment, partially offset by lower bonus and bad debt expense.

Depreciation. Depreciation expense increased 7.9% to $6.7 million for the nine months ended September 30, 2023 from $6.2 million for the nine months ended September 30, 2022. Depreciation expense as a percentage of revenues was 1.0% for the nine months ended September 30, 2023 and 0.9% for the nine months ended September 30, 2022.

Amortization. Amortization expense decreased 9.4% to $16.4 million for the nine months ended September 30, 2023 from $18.1 million for the nine months ended September 30, 2022. Amortization expense as a percentage of revenues was 2.4% for the nine months ended September 30, 2023 and 2.7% for the nine months ended September 30, 2022. Amortization expense decreased primarily due to certain intangibles from previous periods becoming fully amortized.

Acquisition Costs. Acquisition-related costs were $0.5 million for the nine months ended September 30, 2023 and $2.5 million for the nine months ended September 30, 2022. 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. Acquisition costs decreased primarily due to the acquisitions that closed during 2022.

Adjustment to Fair Value of Contingent Consideration. An adjustment of $6.5 million was recorded to decrease the liability during the nine months ended September 30, 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 $0.4 million was recorded to decrease the liability during the nine months ended September 30, 2022 which represents the net fair market adjustment to the revenue and earnings-based contingent consideration liabilities for Talos and Overactive, net of accretion for Talos and Overactive.

Net Interest Expense. Net interest expense decreased to $0.8 million for the nine months ended September 30, 2023 from $2.3 million for the nine months ended September 30, 2022. The decrease in net interest expense was primarily due to a $1.5 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. Our effective tax rate increased to 26.9% for the nine months ended September 30, 2023 from 25.2% for the nine months ended September 30, 2022 March 31, 2023. The increase in effective tax rate was primarily due to a decrease in tax benefits related to share-based compensation deductions and research credits partially offset by a decrease in the Section 162(m) compensation limitation and an above described increase in the tax benefits for acquisition adjustments shared-based compensation compared to the prior year period. quarter.

Liquidity and Capital Resources

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

	September 30, 2023		December 31, 2022	
Cash and cash equivalents (1)	$	80.1	$	30.1
Working capital (including cash and cash equivalents) (2)	$	220.9	$	126.5
Amounts available under credit facility (3)	$	300.0	$	199.8

	March 31, 2024		December 31, 2023	
Cash, cash equivalents and restricted cash (1)	$	118.2	$	128.9
Working capital (including cash, cash equivalents and restricted cash) (2)	$	235.3	$	247.5
Amounts available under credit facility	$	300.0	$	300.0

(1) The balance at September 30, 2023 and December 31, 2022 March 31, 2024 includes $22.4 million and $7.9 million, respectively, $23.6 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 at September 30, 2023 also includes $2.4 million $1.8 million in cash held by our Chinese subsidiary. certain other foreign subsidiaries which is available to fund domestic operations. The balance at December 31, 2022 December 31, 2023 includes $5.9 million and $1.9 million $20.6 million held by our Colombian certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated and Chinese includes $1.8 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The Company's restricted cash balance as of March 31, 2024 and December 31, 2023 was $0.2 million and $0.2 million, respectively.
(2) Working capital is total current assets less total current liabilities.
(3) 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.

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 was $88.5 million $32.0 million compared to net cash provided by operating activities of $71.4 million $41.3 million for the nine three months ended September 30, 2022 March 31, 2023. For the nine three months ended September 30, 2023 March 31, 2024, the primary components of operating cash flows were net income of $75.8 million $11.6 million, non-cash charges of $34.1 million $19.0 million and net operating asset investments reductions of $21.4 million $1.4 million. For the nine three months ended September 30, 2022 March 31, 2023, the primary components of operating cash flows were net income of $77.9 million $26.8 million, non-cash charges of $36.1 million $11.5 million and net operating asset investments reductions of $42.6 million $3.0 million.

Net Cash Used in Investing Activities

During the nine three months ended September 30, 2023 March 31, 2024, we used $5.1 million $0.7 million to purchase property and equipment and to develop software and received proceeds $33.2 million for the acquisition of $0.3 million primarily for a net working capital settlement related to an acquisition. SMEDIX. During the nine three months ended September 30, 2022 March 31, 2023, we used $7.7 million $1.3 million to purchase property and equipment and to develop software and $44.6 million for the acquisition of Inflection Point, and $0.1 million for a net working capital settlement related to an acquisition. software.

Net Cash Used in Financing Activities

During the nine three months ended September 30, 2023 March 31, 2024, we used $7.6 million to repurchase shares of our common stock through the stock repurchase program and $5.1 million $4.3 million to remit taxes withheld as part of a net share settlement of restricted stock vesting. We also used $0.8 million $4.5 million to settle contingent consideration for the purchase of Inflection Point and Ameex and received proceeds from sales of stock through the Employee Stock Purchase Plan of $0.2 million. During the three months ended March 31, 2023, we used $2.4 million to repurchase shares of our common stock through the stock repurchase program and $5.1 million to remit taxes withheld as part of a net share settlement of restricted stock vesting. We also used $0.7 million for credit facility financing fees, used $21.5 million $21.5 million to settle contingent consideration for the purchase of Talos and Overactive and received proceeds from sales of stock through the Employee Stock Purchase Plan of $0.8 million. During the nine months ended September 30, 2022, we used $13.0 million to repurchase shares of our common stock through the stock repurchase program and $9.0 million to remit taxes withheld as part of a net share settlement of restricted stock vesting. We also drew down $10.0 million for our line of credit, repaid $10.0 million on our line of credit and received proceeds from sales of stock through the Employee Stock Purchase Plan of $0.8 $0.2 million.

Availability of Funds from Bank Line of Credit Facility

On March 29, 2023, the Company entered into 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 September 30, 2023 March 31, 2024, there was no outstanding balance under the 2023 Credit Agreement. The Company incurred $0.8 million of additional deferred finance fees during the nine three months ended September 30, 2023 March 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 September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024) plus a margin ranging from 0.00% to 1.00% or one month Secured Overnight Financing Rate ("SOFR") (5.31% (5.34% on September 30, 2023 March 31, 2024) 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 September 30, 2023 March 31, 2024, the Company had $300.0 million of unused borrowing capacity.

At September 30, 2023 March 31, 2024, 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 $287.4 million $291.1 million (16.5 million shares) of outstanding common stock through September 30, 2023 March 31, 2024.

From time to time, the Company establishes a written trading plan in accordance with Rule 10b5-1 of the Exchange Act, pursuant to which the Company makes a portion of its 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 nine three months ended September 30, 2023 March 31, 2024, there were no material changes outside the ordinary course of business in lease obligations or contractual obligations. See Note 15, *Leases,* in the Notes to Interim Condensed Consolidated Financial Statements for further description of our contractual obligations*.*

As of September 30, 2023 March 31, 2024 (unaudited) and December 31, 2022 December 31, 2023, there were no balances outstanding under the 2023 Credit Agreement. Any balances outstanding under the 2023 Credit Agreement would be classified as "Long-term debt" within the Condensed Consolidated Balance Sheet and become due and payable no later than the final maturity date of March 29, 2028. As of September 30, 2023 March 31, 2024, there were $396.3 million $397.4 million of outstanding 2026 Notes and 2025 Notes, net of unamortized issuance costs, compared to $394.6 million $396.9 million as of December 31, 2022 December 31, 2023. See Note 3, *Recent Accounting Pronouncements,* in the Notes to Interim Unaudited Condensed Consolidated Financial Statements for further description of the ASU 2020-06 adoption. The amounts are classified as "Long-term debt" within the Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 (unaudited) and December 31, 2022 December 31, 2023. 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.

Conclusion

Of the total cash, and cash equivalents and restricted cash reported on the Condensed Consolidated Balance Sheet as of September 30, 2023 March 31, 2024 (unaudited) of $80.1 million $118.2 million, $22.4 million $23.6 million was held by certain foreign subsidiaries and is considered 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 September 30, 2023 March 31, 2024, $2.4 million $1.8 million of the total cash, cash equivalents and restricted cash equivalents was held by the Company's Chinese subsidiary, the earnings of which are not considered to be permanently reinvested and may be repatriated from time to time.

We believe that the 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

Our accounting policies are fully described in Note 2, *Summary of Significant Accounting Policies,* to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. We believe our most critical accounting policies include revenue recognition, purchase accounting and related fair value measurements, convertible debt, and income taxes. Refer to Note 3, *Recent Accounting Pronouncements*, in the Notes to Interim Unaudited Condensed Consolidated Financial Statements for further discussion regarding the adoption of ASU No. 2020-06, *Debt—Debt with Conversion*.

Item 3. 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 September 30, 2023 March 31, 2024, we were exposed to changes in exchange rates between the U.S. dollar and eleven twelve 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 13, *Derivatives*, in the Notes to Interim Unaudited Condensed Consolidated Financial Statements for further discussion.

Interest Rate Sensitivity

As of September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024, the fair value of the 2025 Notes and 2026 Notes was approximately $29.0 million $28.3 million and $305.9 million $328.9 million, respectively.

We had unrestricted cash and cash equivalents totaling $80.1 million $118.0 million at September 30, 2023 March 31, 2024 and $30.1 million $128.7 million at December 31, 2022 December 31, 2023. 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 4. Controls and Procedures

The Company maintains 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 period covered by this Form 10-Q. 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.

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 three months ended September 30, 2023 March 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

In evaluating all forward-looking statements, you should specifically consider various risk factors that may cause actual results to vary from those contained in the forward-looking statements. Our risk factors are described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC on February 28, 2023 February 27, 2024 and available at www.sec.gov.

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

Stock Repurchase Program Unregistered Sales of Securities

On January 16, 2024, the Company acquired all of the outstanding stock of SMEDIX. The consideration paid in this transaction included 68,441 unregistered shares of the Company's common stock with an aggregate value of approximately $4.4 million based on the average closing sales price for the 15 consecutive trading days ending on the date immediately before the acquisition's closing date. We relied on Section 4(a)(2) of the Securities Act, as the basis for exemption from registration for each of these issuances. These shares were issued in privately negotiated transactions and not pursuant to a public solicitation.

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 three months ended March 31, 2024.

From the program's inception on August 11, 2008 through March 31, 2024, we have repurchased approximately $291.1 million (16.5 million shares) of our outstanding common stock. The Company did not repurchase any shares through the stock repurchase program during the three months ended March 31, 2024.

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.

From The Company's officers and directors are required to comply with the program's inception on August 11, 2008, 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 has repurchased approximately $287.4 million (16.5 million shares) Company's securities when in possession of outstanding common stock through September 30, 2023.

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 June 30, 2023	16,413,294	$ 17.35	16,413,294	$ 90.2
July 1-31, 2023	10,000	$ 64.93	10,000	$ 89.6
August 1-31, 2023	32,500	$ 60.06	32,500	$ 87.6
September 1-30, 2023	—	$ —	—	$ 87.6
Ending balance as of September 30, 2023	16,455,794	$ 17.46	16,455,794	

(1) Average price paid per share includes commission.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.

Item 5. Other Information

None. Officer and Director Rule 10b5-1 Trading Arrangements

There were no Rule 10b5-1 trading arrangements adopted, materially modified, or terminated by our officers and directors during the first quarter of 2024.

Company Rule 10b5-1 Trading Arrangements

The Company did not adopt, materially modify, or terminate any Rule 10b5-1 trading arrangements during the first quarter of 2024.

Item 6. Exhibits

See Exhibits Index.

EXHIBITS INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Perficient, Inc., 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	Second Amended and Restated Bylaws of Perficient, Inc., 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	Specimen Certificate for shares of Perficient, Inc. common stock, previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q (File No. 001-15169) filed May 7, 2009 and incorporated herein by reference
4.2	Indenture, dated August 14, 2020, 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 (File No. 001-15169) filed August 18, 2020 and incorporated herein by reference
4.3	Form of 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	Indenture, dated November 9, 2021, between Perficient, Inc. and U.S. Bank National Associate, 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
4.5	Form of 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
10.1†*	Fifth Amended Amendment to Restricted Stock Award and Restated Employment and Transition Non-Competition Agreement between Perficient, Inc. and Jeffrey S. Davis, effective as of October 1, 2023 February 23, 2024, 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
10.2†	Third Amended and Restated Employment Agreement between Perficient, Inc. and Thomas J. Hogan, effective as of October 1, 2023, 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
10.3†	Fourth Amended and Restated Employment Agreement between Perficient, Inc. and Paul E. Martin, effective as of October 1, 2023, 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
31.1*	Certification by the Chief Executive Officer of Perficient, Inc. as required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by the Chief Financial Officer of Perficient, Inc. as required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification by the Chief Executive Officer and Chief Financial Officer of Perficient, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from Perficient, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 formatted in iXBRL (inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 (Unaudited) and December 31, 2022 December 31, 2023, (ii) Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, (iii) Unaudited Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, (iv) Unaudited Condensed Consolidated Statements of Shareholders' Equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, (v) Unaudited Condensed Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, and (vi) the Notes to Interim Unaudited Condensed 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.
**	Included but not to be considered "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

SIGNATURES

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

PERFICIENT, INC.

Date: October 31, 2023 May 6, 2024

By: /s/ Thomas J. Hogan

Thomas J. Hogan

Chief Executive Officer *(Principal Executive Officer)*

Date: October 31, 2023 May 6, 2024

By: /s/ Paul E. Martin

Paul E. Martin

Chief Financial Officer *(Principal Financial Officer)*

34 32

Exhibit 10.1

AMENDMENT TO RESTRICTED STOCK AWARD AND NON-COMPETITION AGREEMENT
(EMPLOYEE GRANT)

THIS AMENDMENT TO RESTRICTED STOCK AWARD AND NON-COMPETITION AGREEMENT (this "**Amendment**"), dated as of February 23, 2024, is entered into between Perficient, Inc., a Delaware corporation (the "**Corporation**"), and Jeffrey S. Davis ("**Employee**").

WITNESSETH:

WHEREAS, the Corporation and Employee have previously entered into certain Restricted Stock Award and Non-Competition Agreements, as described on Exhibit A (the "**Award Agreements**"), pursuant to which the Corporation granted certain awards (the "**Awards**") of Restricted Shares of the Corporation's authorized Common Stock, par value $0.001 per share, listed on Exhibit A, subject to the terms and conditions set forth in such Award Agreements and the Amended and Restated Perficient, Inc. 2012 Long Term Incentive Plan (the "**Plan**") (capitalized terms used herein without definition shall have the meanings proscribed to them in each Award Agreement); and

WHEREAS, the Corporation and Employee desire to amend certain terms of each Award Agreement and the related Awards as set forth in this Amendment.

NOW, THEREFORE, in consideration of the matters referenced above, the parties agree as follows:

1.Amendments.

(a) A new Paragraph 2(s) is hereby added to each Award Agreement, which shall read in its entirety as follows:

(s) "**Change in Control**" means (1) the acquisition by one person, or more than one person acting as a group, of ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation; (2) the acquisition by one person, or more than one person acting as a group, of ownership of stock of the Corporation, that together with stock of the Corporation acquired during the 12-month period ending on the date of the most recent acquisition by such person or group, constitutes 30% or more of the total voting power of the stock of the Corporation; (3) a majority of the members of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors before the date of the appointment or election; or (4) one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) assets from the Corporation that have a total gross fair market value (determined without regard to any liabilities associated with such assets) equal to or more than 40% of the total gross fair market value of all of the assets of the Corporation immediately before such acquisition or acquisitions; provided , that persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering, but persons will be considered to be acting as a group if they are owners of a corporation that entersinto a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Corporation; provided, further that this definition of Change in Control shall be interpreted in accordance with, and in a manner that will bring the definition into compliance with, the regulations under Section 409A of the Internal Revenue Code of 1986, as amended.

(b) The first sentence of Paragraph 6 of each Award Agreement is hereby deleted and replaced in its entirety by the following:

Exhibit 10.1

Subject to Paragraph 7(a), the restrictions on all of the Restricted Shares granted pursuant to this Agreement will expire and become transferable and non-forfeitable according to the schedule set forth in this Paragraph 6 so long as Employee has been performing Service continuously since the Date of Grant through the applicable vesting date; provided, that for the avoidance of doubt, Service for purposes of this Paragraph 6 shall include Employee's performance of services for the Corporation as a member of the Board of Directors, whether or not Employee is also then an employee of the Corporation.

(c) The last sentence of Paragraph 6 of each Award Agreement is hereby deleted.

(d) Paragraph 7(a) of each Award Agreement is hereby deleted and replaced in its entirety by the following:

(a) Notwithstanding anything contained in Paragraph 6, the restrictions on all of the Restricted Shares granted pursuant to this Agreement will expire and become transferable and non-forfeitable on the occurrence of any of the following events: (1) a Change in Control; or (2) Employee no longer serving as a member of the Board of Directors as a result of (A) his death or disability, (B) his failure to be elected to the Board by the stockholders of the Company or (C) the Nominating, Governance and Sustainability Committee (or any successor thereto) failing to nominate him for election to the Board.

2.Miscellaneous.

(a) Except as expressly modified in this Amendment, the terms and conditions of each Award and each Award Agreement shall remain in full force and effect.

(b) This Amendment may be executed in two counterpart copies, each of which may be executed by one of the parties hereto, but all of which, when taken together, shall constitute a single agreement binding upon all of the parties hereto. This Amendment and all other aspects of the Employee's employment shall be governed by and construed and interpreted in accordance with the internal laws of the State of Missouri without reference to conflicts of law principles, or any rule or decision that would defer to the substantive laws of another jurisdiction.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be executed by its duly authorized officer as of the date first above written.

PERFICIENT, INC.

By: /s/ Paul E. Martin
Paul E. Martin
Chief Financial Officer

ACKNOWLEDGED AND AGREED:

/s/ Jeffrey S. Davis
Jeffrey S. Davis

Date: February 23, 2024

Exhibit 10.1

Exhibit A

Award Agreements

Date of Award Agreement	No. of Shares of Restricted Stock Subject to Award	Unvested Awards at 3/1/2024
February 21, 2023	91,836	61,224
February 22, 2022	59,324	19,774

EXHIBIT 31.1

CERTIFICATIONS

I, Thomas J. Hogan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perficient, Inc.;

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

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

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

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

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

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

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

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

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

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

Date:	October 31, 2023 May 6, 2024	By:	/s/ Thomas J. Hogan
			Thomas J. Hogan
			Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Paul E. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Perficient, Inc.;

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

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

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

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

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

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

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

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

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

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

Date:	October 31, 2023 May 6, 2024	By:	/s/ Paul E. Martin
			Paul E. Martin
			Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Sec. 1350 and in connection with the accompanying report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024, that contains financial statements of Perficient, Inc. (the “Company”) filed for such period and that is being filed concurrently with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company hereby certify that:

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

Date: October 31, 2023 May 6, 2024

By: /s/ Thomas J. Hogan
Thomas J. Hogan
Chief Executive Officer *(Principal Executive Officer)*

Date: October 31, 2023 May 6, 2024

By: /s/ Paul E. Martin
Paul E. Martin
Chief Financial Officer *(Principal Financial Officer)*

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.