

United States
Securities and Exchange Commission
Washington, DC 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 28, 2023

PERFICIENT, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-15169

(Commission File Number)

74-2853258

(IRS 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)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 28, 2023, Perficient, Inc. (“Perficient”) announced its financial results for the three and twelve months ended December 31, 2022. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information and Exhibits be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 7.01 REGULATION FD DISCLOSURE

Financial Results Presentation

On February 28, 2023, Perficient posted on the Investor Relations page of its website at www.perficient.com a slide presentation related to its fourth quarter ended December 31, 2022 financial results and operating metrics. A copy of the slide presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K. The information contained or incorporated in our website is not part of this filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit Number	Description
99.1	Perficient, Inc. Press Release, dated February 28, 2023, announcing financial results for the three and twelve months ended December 31, 2022
99.2	Perficient, Inc. Q4 2022 Financial Results Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 hereunto duly authorized.
PERFICIENT, INC.

Date: February 28, 2023

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

For more information, please contact:
 Bill Davis, Perficient, 314-529-3555
bill.davis@perficient.com

PERFICIENT REPORTS FOURTH QUARTER AND FULL YEAR 2022 RESULTS
 ~ Continued Expansion of Best-of-Breed Profitability Metrics During the Quarter and Year ~

ST. LOUIS (February 28, 2023) - Perficient, Inc. (Nasdaq: PRFT) ("Perficient"), the leading global digital consultancy transforming the world's largest enterprises and biggest brands, today reported its financial results for the quarter and year ended December 31, 2022.

Financial Highlights

For the quarter ended December 31, 2022:

- Revenues increased 8% to \$232.6 million from \$214.7 million in the fourth quarter of 2021;
- Net income increased to \$26.5 million from \$4.5 million in the fourth quarter of 2021, primarily due to the loss from extinguishment of debt of \$28.7 million in prior year;
- GAAP earnings per share results on a fully diluted basis increased 469% to \$0.74 from \$0.13 in the fourth quarter of 2021;
- Adjusted earnings per share results (a non-GAAP measure; see attached schedule, which reconciles to GAAP earnings per share) on a fully diluted basis increased 14% to \$1.14 from \$1.00 in the fourth quarter of 2021; and
- Adjusted EBITDA (a non-GAAP measure; see attached schedule, which reconciles to GAAP net income) increased 14% to \$54.3 million from \$47.7 million in the fourth quarter of 2021.

For the year ended December 31, 2022:

- Revenues increased 19% to \$905.1 million from \$761.0 million in 2021;
- Net income increased 100% to \$104.4 million from \$52.1 million in 2021, primarily as a result of higher revenues, lower costs as a percent of revenues, lower interest expense and the loss from extinguishment of debt of \$29.0 million in the prior year;
- GAAP earnings per share results on a fully diluted basis increased 93% to \$2.90 from \$1.50 in 2021;
- Adjusted earnings per share results (a non-GAAP measure; see attached schedule, which reconciles to GAAP earnings per share) on a fully diluted basis increased 22% to \$4.28 from \$3.50 in 2021; and
- Adjusted EBITDA (a non-GAAP measure; see attached schedule, which reconciles to GAAP net income) increased 26% to \$205.8 million from \$162.9 million in 2021.

"The fourth quarter capped another year of solid growth and increasing profitability for Perficient," said Jeffrey Davis, chairman and CEO. "The world's largest enterprises and biggest brands continue to advise that our fully integrated delivery model that seamlessly blends great global talent and depth in North America, Latin America, and India is unique in the marketplace and exactly what they require. Perficient is as well-regarded and well-positioned as we've ever been, and we're confident that 2023 will prove to be another year of strong revenue and earnings growth."

Other Highlights

Among other recent achievements, Perficient:

- Was named the 2022 Informatica Cloud Modernization Partner of the Year, recognizing Perficient's excellence and commitment to delivering high-impact Informatica cloud solutions;
- Received three eHealthcare Awards for empowering leading healthcare providers to reach their customers with engaging, effective, and scalable digital experiences;
- For the second year in a row, was recognized by Modern Healthcare as the fourth-largest healthcare IT consulting firm based on revenue and the number of health information technology contracts and consultants;
- Announced the launch of two national training bootcamps as part of Perficient Bright Paths, a program designed to advance STEM education and career opportunities for underrepresented constituencies and communities;

- Was featured in Forrester’s Salesforce Consulting Services Landscape report on how partners help accelerate time to value, reimagine business models and processes, and manage organizational change for maximum results; and
- Was named a 2023 Best Place to Work by the St. Louis Business Journal and a 2022 Top Workplace by the Detroit Free Press, the Dallas Morning News, and the Orange County Register, adding to recent best workplace distinctions awarded in St. Louis, Chicago, Denver, Minneapolis, and Southern California.

Business Outlook

The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially. See “Safe Harbor Statement” below.

Perficient expects its first quarter 2023 revenue to be in the range of \$227 million to \$233 million. First quarter GAAP earnings per share is expected to be in the range of \$0.67 to \$0.73. First quarter adjusted earnings per share (a non-GAAP measure; see attached schedule which reconciles to GAAP earnings per share guidance) is expected to be in the range of \$1.01 to \$1.06.

Perficient is providing its full year 2023 revenue guidance in the range of \$945 million to \$985 million, 2023 GAAP earnings per share guidance in the range of \$3.24 to \$3.40 and 2023 adjusted earnings per share (a non-GAAP measure; see attached schedule which reconciles to GAAP earnings per share guidance) guidance in the range of \$4.60 to \$4.75.

Conference Call Details

Perficient will host a conference call regarding fourth quarter financial results today, February 28, 2023, at 11 a.m. Eastern.

Analysts and investors who wish to ask questions during the Q&A session can register for the call on <https://register.vevent.com/register/BIcb6c01d8051c4253ad86beaa1616727c>. Registrants will receive confirmation with dial-in details.

A live webcast of the event can be accessed on <https://perficient.gcs-web.com/events/event-details/q4-2022-perficient-earnings-conference-call>. A replay of the webcast will be available on <https://perficient.gcs-web.com/> starting approximately two hours after the event and will be archived on the site for one year.

About Perficient

Perficient is the leading global digital consultancy. We imagine, create, engineer, and run digital transformation solutions that help our clients exceed customers’ expectations, outpace competition, and grow their business. With unparalleled strategy, creative, and technology capabilities, we bring big thinking and innovative ideas, along with a practical approach to help the world’s largest enterprises and biggest brands succeed. Traded on the Nasdaq Global Select Market, Perficient is a member of the Russell 2000 index and the S&P SmallCap 600 index. For more information, visit www.perficient.com.

Safe Harbor Statement

Some of the statements contained in this news release that are not purely historical statements discuss future expectations or state other forward-looking information related to financial results and business outlook for 2023. 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 management's current intent, belief, expectations, estimates, and projections regarding our company and our industry. You should be aware that those statements only reflect our predictions. 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) those disclosed under the heading "Risk Factors" in our most recently filed annual report on Form 10-K and other securities filings, and the following:

- (1) the possibility that our actual results do not meet the projections and guidance contained in this news release;
- (2) the impact of the general economy and economic and political uncertainty on our business;
- (3) risks associated with potential changes to federal, state, local and foreign laws, regulations, and policies;
- (4) 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 impact of the health emergencies and pandemics on our business which may amplify certain of the other factors contained herein;
 - 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;
- (5) risks associated with managing growth organically and through acquisitions;
- (6) 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;
- (7) legal liabilities, including intellectual property protection and infringement or the disclosure of personally identifiable information; and
- (8) the risks detailed from time to time within our filings with the Securities and Exchange Commission.

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. This cautionary statement is provided pursuant to Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this release are made only as of the date hereof and we undertake no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenues				
Services excluding reimbursable expenses	\$ 228,806	\$ 210,253	\$ 893,050	\$ 748,045
Reimbursable expenses	2,874	3,545	9,371	10,677
Total services	231,680	213,798	902,421	758,722
Software and hardware	919	932	2,641	2,305
Total revenues	232,599	214,730	905,062	761,027
Cost of revenues (exclusive of depreciation and amortization, shown separately below)				
Cost of services	138,419	128,715	543,060	459,414
Stock compensation	2,588	2,596	9,643	9,399
Total cost of revenues	141,007	131,311	552,703	468,813
Selling, general and administrative	39,831	38,297	156,197	138,758
Stock compensation	3,913	3,403	14,931	13,661
Total selling, general and administrative	43,744	41,700	171,128	152,419
Depreciation	2,285	1,716	8,518	6,398
Amortization	6,454	5,751	24,518	23,453
Acquisition costs	1,145	2,482	3,653	3,814
Adjustment to fair value of contingent consideration	618	152	267	198
Income from operations	37,346	31,618	144,275	105,932
Net interest expense	846	3,908	3,154	14,052
Loss on debt extinguishment	—	28,746	—	28,996
Net other (income) expense	(246)	167	160	401
Income (loss) before income taxes	36,746	(1,203)	140,961	62,483
Income tax provision (benefit)	10,287	(5,732)	36,569	10,392
Net income	\$ 26,459	\$ 4,529	\$ 104,392	\$ 52,091
Basic net income per share	\$ 0.78	\$ 0.14	\$ 3.08	\$ 1.62
Diluted net income per share	\$ 0.74	\$ 0.13	\$ 2.90	\$ 1.50
Shares used in computing basic net income per share	33,856	33,027	33,869	32,202
Shares used in computing diluted net income per share	36,636	35,902	36,731	34,670
Net income used in computing diluted net income per share	\$ 27,008	\$ 4,529	\$ 106,653	\$ 52,091

Perficient, Inc.
Consolidated Balance Sheets
(in thousands)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,130	\$ 24,410
Accounts receivable, net	202,298	177,602
Prepaid expenses	6,432	5,400
Other current assets	16,756	7,296
Total current assets	255,616	214,708
Property and equipment, net	17,970	14,747
Operating lease right-of-use assets	27,088	33,353
Goodwill	565,161	515,229
Intangible assets, net	88,937	81,277
Other non-current assets	41,116	23,258
Total assets	<u>\$ 995,888</u>	<u>\$ 882,572</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 24,351	\$ 26,074
Other current liabilities	104,780	93,877
Total current liabilities	129,131	119,951
Long-term debt, net	394,587	326,126
Operating lease liabilities	18,528	23,898
Other non-current liabilities	43,515	47,832
Total liabilities	\$ 585,761	\$ 517,807
Stockholders' equity:		
Preferred stock	\$ —	\$ —
Common stock	53	53
Additional paid-in capital	403,866	423,235
Accumulated other comprehensive loss	(17,519)	(5,843)
Treasury stock	(354,536)	(324,412)
Retained earnings	378,263	271,732
Total stockholders' equity	410,127	364,765
Total liabilities and stockholders' equity	<u>\$ 995,888</u>	<u>\$ 882,572</u>

Perficient, Inc.
Consolidated Statements of Cash Flow
(in thousands)

	Year Ended December 31,	
	2022	2021
Net income	\$ 104,392	\$ 52,091
Adjustments to reconcile net income to net cash provided by operations	51,484	78,951
Changes in operating assets and liabilities, net of business acquisitions	(37,808)	(46,126)
Net cash provided by operating activities	118,068	84,916
Net cash used in investing activities	(81,750)	(119,052)
Net cash used in financing activities	(29,078)	(23,839)
Effect of exchange rate on cash and cash equivalents	(1,520)	(819)
Change in cash and cash equivalents	5,720	(58,794)
Cash and cash equivalents at beginning of period	24,410	83,204
Cash and cash equivalents at end of period	\$ 30,130	\$ 24,410

See the Company's Form 10-K for the full consolidated statements of cash flows.

About Non-GAAP Financial Information

This news release includes non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (“GAAP”), please see the section entitled “About Non-GAAP Financial Measures” and the accompanying tables entitled “Reconciliation of GAAP to Non-GAAP Measures.”

About Non-GAAP Financial Measures

Perficient provides non-GAAP financial measures for adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, stock compensation, loss on extinguishment of debt, acquisition costs, adjustment to fair value of contingent consideration and other acquisition adjustments), adjusted net income, and adjusted earnings per share data as supplemental information regarding Perficient’s business performance. Perficient believes that these non-GAAP financial measures are useful to investors because they provide investors with a better understanding of Perficient’s past financial performance and future results. Perficient’s management uses these non-GAAP financial measures when it internally evaluates the performance of Perficient’s business and makes operating decisions, including internal operating budgeting, performance measurement, and the calculation of bonuses and discretionary compensation. Management excludes stock-based compensation related to restricted stock awards, the amortization of intangible assets, amortization of debt discounts and issuance costs related to convertible senior notes, loss on extinguishment of debt, acquisition costs, adjustments to the fair value of contingent consideration, other acquisition adjustments, net other income and expense, the impact of other infrequent or unusual transactions, and income tax effects of the foregoing, when making operational decisions.

Perficient believes that providing the non-GAAP financial measures to its investors is useful because it allows investors to evaluate Perficient’s performance using the same methodology and information used by Perficient’s management. Specifically, adjusted net income is used by management primarily to review business performance and determine performance-based incentive compensation for executives and other employees. Management uses adjusted EBITDA to measure operating profitability, evaluate trends, and make strategic business decisions.

Non-GAAP financial measures are subject to inherent limitations because they do not include all of the expenses included under GAAP and because they involve the exercise of discretionary judgment as to which charges are excluded from the non-GAAP financial measure. However, Perficient’s management compensates for these limitations by providing the relevant disclosure of the items excluded in the calculation of adjusted EBITDA, adjusted net income, and adjusted earnings per share. In addition, some items that are excluded from adjusted net income and adjusted earnings per share can have a material impact on cash. Management compensates for these limitations by evaluating the non-GAAP measure together with the most directly comparable GAAP measure. Perficient has historically provided non-GAAP financial measures to the investment community as a supplement to its GAAP results to enable investors to evaluate Perficient’s business performance in the way that management does. Perficient’s definition may be different from similar non-GAAP financial measures used by other companies and/or analysts.

The non-GAAP adjustments, and the basis for excluding them, are outlined below:

Amortization

Perficient has incurred expense on amortization of intangible assets primarily related to various acquisitions. Management excludes these items for the purposes of calculating adjusted EBITDA, adjusted net income, and adjusted earnings per share. Perficient believes that eliminating this expense from its non-GAAP financial measures is useful to investors because the amortization of intangible assets can be inconsistent in amount and frequency, and is significantly impacted by the timing and magnitude of Perficient’s acquisition transactions, which also vary substantially in frequency from period to period.

Acquisition Costs

Perficient incurs transaction costs related to merger and acquisition-related activities which are expensed in its GAAP financial statements. Management excludes these items for the purposes of calculating adjusted EBITDA, adjusted net income, and adjusted earnings per share. Perficient believes that excluding these expenses from its non-GAAP financial measures is useful to investors because these are expenses associated with each transaction and are inconsistent in amount and frequency causing comparison of current and historical financial results to be difficult.

Adjustment to Fair Value of Contingent Consideration

Perficient is required to remeasure its contingent consideration liability related to acquisitions each reporting period until the contingency is settled. Any changes in fair value are recognized in earnings. Management excludes these items for the purposes of calculating adjusted EBITDA, adjusted net income, and adjusted earnings per share. Perficient believes that excluding these

adjustments from its non-GAAP financial measures is useful to investors because they are related to acquisitions and are inconsistent in amount and frequency from period to period.

Amortization of Debt Discount and Debt Issuance Costs

On November 9, 2021, Perficient issued \$380.0 million aggregate principal amount of 0.125% Convertible Senior Notes due 2026, on August 14, 2020, Perficient issued \$230.0 million aggregate principal amount of 1.250% Convertible Senior Notes due 2025, and on September 11, 2018, Perficient issued \$143.8 million aggregate principal amount of 2.375% Convertible Senior Notes due 2023 (the “2026 Notes,” “2025 Notes,” and “2023 Notes,” respectively, and collectively, the “Notes”) in private placements to qualified institutional purchasers. In accordance with accounting for debt with conversions and other options prior to the adoption of Accounting Standards Update No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* (“ASU 2020-06”), Perficient bifurcated the principal amount of the Notes into liability and equity components. The resulting debt discounts were amortized to interest expense over the period from the issuance dates through the respective contractual maturity dates. Upon adoption of ASU 2020-06 on January 1, 2022, Perficient no longer records amortization of debt discount as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. Issuance costs attributable to the Notes, in addition to issuance costs related to Perficient’s credit agreement, are being amortized to interest expense over their respective terms. Perficient believes that excluding these non-cash expenses from its non-GAAP financial measures is useful to investors because the expenses are not reflective of Perficient’s business performance.

Loss on Extinguishment of Debt

Perficient repurchased its remaining outstanding 2023 Notes and partially repurchased its 2025 Notes in 2021, which resulted in a loss on extinguishment of debt. Perficient believes that excluding this loss from its non-GAAP financial measures is useful to investors because the expenses are not reflective of Perficient’s business performance.

Foreign Exchange Loss (Gain)

Non-operating foreign currency exchange gains and losses, inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes, are reported in net other expense (income) in our consolidated statements of operations. As our operations expand into countries outside of the United States, foreign exchange gains and losses have and will become increasingly material. Perficient believes that excluding these gains and losses from its non-GAAP financial measures is useful to investors because foreign exchange gains and losses will vary as the underlying currencies fluctuate, which makes it difficult to compare current and historical results.

Stock Compensation

Perficient incurs stock-based compensation expense under Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation - Stock Compensation*. Perficient excludes stock-based compensation expense and the related tax effects for the purposes of calculating adjusted EBITDA, adjusted net income, and adjusted earnings per share because stock-based compensation is a non-cash expense, which Perficient believes is not reflective of its business performance. The nature of stock-based compensation expense also makes it very difficult to estimate prospectively, since the expense will vary with changes in the stock price and market conditions at the time of new grants, varying valuation methodologies, subjective assumptions, and different award types, making the comparison of current results with forward-looking guidance potentially difficult for investors to interpret. The tax effects of stock-based compensation expense may also vary significantly from period to period, without any change in underlying operational performance, thereby obscuring the underlying profitability of operations relative to prior periods. Perficient believes that non-GAAP measures of profitability, which exclude stock-based compensation, are widely used by analysts and investors.

Dilution Offset from Convertible Note Hedge Transactions

It is Perficient’s current intent to settle conversions of the Notes through combination settlement, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of our common stock. Perficient excludes the shares that are issuable upon conversions of the Notes because Perficient expects that the dilution from such shares will be offset by the convertible note hedge transactions entered into in November 2021, August 2020, and September 2018 in connection with the issuance of the Notes.

Perficient, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(unaudited)
(in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
GAAP Net Income	\$ 26,459	\$ 4,529	\$ 104,392	\$ 52,091
Adjustments:				
Income tax provision (benefit)	10,287	(5,732)	36,569	10,392
Amortization	6,454	5,751	24,518	23,453
Acquisition costs	1,145	2,482	3,653	3,814
Adjustment to fair value of contingent consideration	618	152	267	198
Amortization of debt discount and issuance costs	609	3,330	2,431	11,014
Loss on extinguishment of debt	—	28,746	—	28,996
Foreign exchange loss and other	(230)	167	197	424
Stock compensation	6,501	5,999	24,574	23,060
Adjusted Net Income Before Tax	51,843	45,424	196,601	153,442
Adjusted income tax (1)	12,961	10,811	49,917	37,593
Adjusted Net Income	\$ 38,882	\$ 34,613	\$ 146,684	\$ 115,849
GAAP Earnings Per Share (diluted)	\$ 0.74	\$ 0.13	\$ 2.90	\$ 1.50
Adjusted Earnings Per Share (diluted)	\$ 1.14	\$ 1.00	\$ 4.28	\$ 3.50
Shares used in computing GAAP Earnings Per Share (diluted)	36,636	35,902	36,731	34,670
Dilution offset from convertible note hedge transactions	(2,395)	(1,383)	(2,422)	(1,564)
Shares used in computing Adjusted Earnings Per Share (diluted)	34,241	34,519	34,309	33,106
Net income used in computing GAAP Earnings Per Share (diluted)	\$ 27,008	\$ 4,529	\$ 106,653	\$ 52,091

(1) The estimated adjusted effective tax rate of 25.0% and 23.8% for the three months ended December 31, 2022 and 2021, respectively, and 25.4% and 24.5% for the year ended December 31, 2022 and 2021, respectively, has been used to calculate the provision for income taxes for non-GAAP purposes.

Perficient, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(unaudited)
(in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
GAAP Net Income	\$ 26,459	\$ 4,529	\$ 104,392	\$ 52,091
Adjustments:				
Income tax provision (benefit)	10,287	(5,732)	36,569	10,392
Net interest expense	846	3,908	3,154	14,052
Net other (income) expense	(246)	167	160	401
Depreciation	2,285	1,716	8,518	6,398
Amortization	6,454	5,751	24,518	23,453
Acquisition costs	1,145	2,482	3,653	3,814
Adjustment to fair value of contingent consideration	618	152	267	198
Loss on extinguishment of debt	—	28,746	—	28,996
Stock compensation	6,501	5,999	24,574	23,060
Adjusted EBITDA (1)	<u>\$ 54,349</u>	<u>\$ 47,718</u>	<u>\$ 205,805</u>	<u>\$ 162,855</u>

(1) Adjusted EBITDA is a non-GAAP performance measure and is not intended to be a performance measure that should be regarded as an alternative to or more meaningful than either GAAP operating income or GAAP net income. Adjusted EBITDA measures presented may not be comparable to similarly titled measures presented by other companies.

Perficient, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(unaudited)

	Q1 2023		Full Year 2023	
	Low end of adjusted goal	High end of adjusted goal	Low end of adjusted goal	High end of adjusted goal
GAAP EPS	\$ 0.67	\$ 0.73	\$ 3.24	\$ 3.40
Non-GAAP adjustment (1):				
Non-GAAP reconciling items	0.43	0.43	1.69	1.70
Tax effect of reconciling items	(0.09)	(0.10)	(0.33)	(0.35)
Adjusted EPS	\$ 1.01	\$ 1.06	\$ 4.60	\$ 4.75

- (1) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, amortization of debt issuance costs, foreign exchange gains and losses, acquisition costs and adjustments to fair value of contingent consideration, net of the tax effect of these adjustments, divided by adjusted fully diluted shares. Upon adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* on January 1, 2022, Perficient no longer records amortization of debt discount as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. Perficient currently expects its Q1 2023 and full year 2023 GAAP effective income tax rate to be approximately 26% and 27%, respectively. Perficient currently expects its Q1 2023 and full year 2023 estimated adjusted effective income tax rate to be approximately 26%. Perficient's estimates of GAAP and adjusted fully diluted shares for 2023 are included in the following table. These estimates could be affected by share repurchases, shares issued in conjunction with future acquisitions, changes in share price and the potential impact from the conditional conversion features of our debt.

(in millions)	Q1 2023	Full Year 2023
GAAP Fully Diluted Shares (2)	36.7	36.7
Non-GAAP adjustment (3):		
Dilution offset from convertible note hedge transactions	(2.4)	(2.4)
Adjusted Fully Diluted Shares	34.3	34.3

- (2) Upon adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* on January 1, 2022, Perficient prospectively utilizes the if-converted method to calculate the impact of convertible instruments on GAAP diluted earnings per share.
- (3) Non-GAAP adjustment represents the exclusion of shares that are issuable upon conversion of our convertible notes due to the expectation that shares relating to the principal amount of our convertible notes will be paid in cash and any excess will be offset by the convertible note hedge transactions entered into in August 2020 and November 2021.

Q4 2022

Financial Results

February 28, 2023





Safe Harbor Statement

Some of the statements contained in this presentation that are not purely historical statements, including our GAAP EPS guidance and Adjusted EPS guidance, as well as our effective income tax rate and GAAP and adjusted fully diluted shares for 2023, discuss future expectations or state other forward-looking information related to financial results and business outlook for 2023. 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 management's current intent, belief, expectations, estimates, and projections regarding our company and our industry. You should be aware that those statements only reflect our predictions. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements are disclosed under the heading "Risk Factors" in our most recently filed annual report on Form 10-K. 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. This cautionary statement is provided pursuant to Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this presentation are made only as of the date hereof and we undertake no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future.



Reconciliation of Adjusted GAAP Measures

The following table provides a reconciliation of Perficient, Inc. GAAP EPS guidance to Adjusted EPS guidance:

	Q1 2023		Full Year 2023	
	Low end of adjusted goal	High end of adjusted goal	Low end of adjusted goal	High end of adjusted goal
GAAP EPS	\$ 0.67	\$ 0.73	\$ 3.24	\$ 3.40
Non-GAAP adjustment (1):				
Non-GAAP reconciling items	0.43	0.43	1.69	1.70
Tax effect of reconciling items	(0.09)	(0.10)	(0.33)	(0.35)
Adjusted EPS	\$ 1.01	\$ 1.06	\$ 4.60	\$ 4.75

(1) Non-GAAP adjustment represents the impact of amortization expense, stock compensation, amortization of debt issuance costs, foreign exchange gains and losses, acquisition costs and adjustments to fair value of contingent consideration, net of the tax effect of these adjustments, divided by adjusted fully diluted shares. Upon adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)* on January 1, 2022, Perficient no longer records amortization of debt discount as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. Perficient currently expects its Q1 2023 and full year 2023 GAAP effective income tax rate to be approximately 26% and 27%, respectively. Perficient currently expects its Q1 2023 and full year 2023 estimated adjusted effective income tax rate to be approximately 26%. Perficient's estimates of GAAP and adjusted fully diluted shares for 2023 are included in the following table. These estimates could be affected by share repurchases, shares issued in conjunction with future acquisitions, changes in share price and the potential impact from the conditional conversion features of our debt.

(in millions)	Q1 2023	Full Year 2023
GAAP fully diluted shares (2)	36.7	36.7
Non-GAAP adjustment (3):		
Dilution offset from convertible note hedge transactions	(2.4)	(2.4)
Adjusted fully diluted shares	34.3	34.3

(2) Upon adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)* on January 1, 2022, Perficient prospectively utilizes the if-converted method to calculate the impact of convertible instruments on GAAP diluted earnings per share.

(3) Non-GAAP adjustment represents the exclusion of shares that are issuable upon conversion of our convertible notes due to the expectation that shares relating to the principal amount of our convertible notes will be paid in cash and any excess will be offset by the convertible note hedge transactions entered into in August 2020 and November 2021.

Note further discussion and reconciliation of Perficient, Inc. non-GAAP financial measures can be found in our earnings press release and Form 8-K furnished February 28, 2023.

Financial Metrics

(in thousands, except per share data)	THREE MONTHS ENDED DECEMBER 31,			TWELVE MONTHS ENDED DECEMBER 31,		
	2022	2021	% Change	2022	2021	% Change
Revenues	\$ 232,599	\$ 214,730	8 %	\$ 905,062	\$ 761,027	19 %
Services Revenues (excluding reimbursable expenses)	\$ 228,806	\$ 210,253	9 %	\$ 893,050	\$ 748,045	19 %
Cost of Services (excluding reimbursable expenses and stock compensation)*	\$ 135,545	\$ 125,170	8 %	\$ 533,689	\$ 448,737	19 %
Services Revenues Net of Cost	\$ 93,261	\$ 85,083	10 %	\$ 359,361	\$ 299,308	20 %
% of Services Revenues	40.8 %	40.5 %		40.2 %	40.0 %	
Adjusted EBITDA**	\$ 54,349	\$ 47,718	14 %	\$ 205,805	\$ 162,855	26 %
% of Services Revenues	23.8 %	22.7 %		23.0 %	21.8 %	
Adjusted Net Income**	\$ 38,882	\$ 34,613	12 %	\$ 146,684	\$ 115,849	27 %
% of Services Revenues	17.0 %	16.5 %		16.4 %	15.5 %	
GAAP EPS	\$ 0.74	\$ 0.13	469 %	\$ 2.90	\$ 1.50	93 %
Amortization	0.19	0.17		0.72	0.71	
Stock Compensation	0.19	0.17		0.72	0.70	
Debt Related Adjustments***	0.05	0.94		0.21	1.28	
Foreign Exchange Loss and Other	-	-		0.01	0.01	
Acquisition Costs / Earnout Adjustments	0.05	0.07		0.11	0.12	
Tax Effect of Above Reconciling Items	(0.08)	(0.48)		(0.39)	(0.82)	
Adjusted EPS**	\$ 1.14	\$ 1.00	14 %	\$ 4.28	\$ 3.50	22 %

* Cost of Services excludes depreciation and amortization.

** Note further discussion and reconciliation of Perficient, Inc. non-GAAP financial measures can be found in our earnings press release and Form 8-K furnished February 28, 2023.

*** Debt Related Adjustments includes amortization of debt discount and debt issuance costs, loss on extinguishment of debt, dilution offset from convertible note hedge transactions, and an adjustment to remove the interest expense on convertible notes which was added back in the calculation of diluted GAAP EPS under the if-converted method.

Operating Metrics

(in thousands)	Q4 2022	Q4 2021	% Change
Services Revenue (excluding reimbursable expenses)	\$ 228,806	\$ 210,253	9 %
Software and Hardware Revenue	\$ 919	\$ 932	NM*

Headcount	Q4 2022		Q4 2021	
	Average	Ending	Average	Ending
Offshore/Nearshore Billable Employees (a)	3,385	3,486	2,569	2,755
Onshore Billable Employees (b)	2,463	2,458	2,443	2,458
Subcontractors	364	377	388	400
Total Billable Headcount	6,212	6,321	5,400	5,613
SG&A Headcount	944	949	811	866
Total Headcount	7,156	7,270	6,211	6,479

(a) Offshore/Nearshore includes all employees, excluding Onshore
(b) Onshore includes US, Canada, and the United Kingdom
* "NM" means not meaningful.

Industry Data

Revenue by Industry	Q4 2022	Q3 2022	Q4 2021
Financial Services/Banking/Insurance	22%	20%	22%
Healthcare/Pharma/Life Sciences	21%	23%	27%
Manufacturing	10%	9%	8%
Leisure, Media, and Entertainment	9%	10%	9%
Automotive and Transportation	9%	10%	9%
Electronics and Computer Hardware	7%	8%	5%
Retail and Consumer Goods	7%	7%	8%
Business Services	5%	5%	5%
Other	10%	8%	7%

