

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

(Mark one)

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended
December 31, 2021
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-15169

PERFICIENT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

No. 74-2853258

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

555 Maryville University Drive, Suite 600

Saint Louis, Missouri 63141

(Address of principal executive offices)

(314) 529-3600

(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes

No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes

No

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

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

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

Rule	12b-2	of	the	Exchange	Act.
Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	<input type="checkbox"/>	
Non-accelerated filer	<input type="checkbox"/>		Smaller reporting company	<input type="checkbox"/>	
Emerging growth company	<input type="checkbox"/>				

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the Company was approximately \$2,592,196,635 based on the last reported sale price of the Company's common stock on The Nasdaq Global Select Market on June 30, 2021.

As of February 15, 2022, there were 34,571,494 shares of common stock outstanding.

Portions of the definitive proxy statement to be used in connection with the 2022 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than May 2, 2022, are incorporated by reference in Part III of this Form 10-K.

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on this Form 10-K (“Form 10-K”) are not purely historical statements, discuss future expectations, contain projections of results of operations or financial condition, or state other forward-looking information. Those statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The “forward-looking” information is based on various factors and was derived using numerous assumptions. In some cases, you can identify these so-called forward-looking statements by words like “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of those words and other comparable words. You should be aware that those statements only reflect our predictions and are subject to risks and uncertainties. Actual events or results may differ substantially. Important factors that could cause our actual results to be materially different from the forward-looking statements include (but are not limited to) the following, many of which are, or may be, amplified by the novel coronavirus (COVID-19) pandemic:

- (1) the impact of the general economy and economic and political uncertainty on our business;
- (2) the impact of the COVID-19 pandemic 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. obtaining favorable pricing to reflect services provided;
 - f. risk of loss of one or more significant software vendors;
 - g. maintaining a balance of our supply of skills and resources with client demand;
 - h. changes to immigration policies;
 - i. protecting our clients’ and our data and information;
 - j. changes to tax levels, audits, investigations, tax laws or their interpretation;
 - k. making appropriate estimates and assumptions in connection with preparing our consolidated financial statements; and
 - l. 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 (the “SEC”).

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

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

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

Item 1. Business.

Overview

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

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

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

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

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

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

In 2021, we continued to implement a strategy focused on:

- expanding our relationships with existing and new clients;
- strengthening our multishore delivery capabilities with the strategic acquisition in October of nearshore software development firm Izmul S.A. ("Overactive"), based in Uruguay and with additional locations in Argentina, Colombia, and Chile, and the September acquisition of Talos LLC, Talos Digital LLC, Talos Digital SAS and TCOMM SAS (collectively, "Talos"), a commerce solution provider based in Colombia;
- delivering solutions via our offshore and nearshore capabilities in our legacy business in Latin America, India, China, and Eastern Europe; and
- leveraging our existing (and pursuing new) strategic alliances by targeting leading business advisory companies and technology providers.

Our multishore, fully integrated global delivery approach continues to be a key driver of growth and a compelling differentiator in the market. This was evidenced in 2021 by our acquisitions of Overactive and Talos that considerably bolstered the Company's nearshore delivery capacity, enhanced our digital capabilities, and further expanded our footprint in Latin America.

In October, we announced the acquisition of Overactive, a software development firm based in Montevideo, Uruguay, with additional delivery locations in Argentina, Colombia, and Chile. The largest acquisition in the Company's history brought approximately 700 skilled software development professionals to the firm and nearly doubled the capacity and capabilities of our Latin American resources. In September, we acquired Talos, an SAP Commerce-specialized solution provider based in Colombia, South America. Like Overactive, the acquisition bolstered our nearshore delivery capacity, while also enhancing our commerce capabilities.

Approximately 97%, 98%, and 98% of our revenues were derived from clients in the United States during the years ended December 31, 2021, 2020, and 2019, respectively. Excluding intercompany balances, approximately 72% and 83% of our total assets were located in the United States as of December 31, 2021 and 2020, respectively, with the remainder located in Latin America, India, Canada, China and Europe.

Our Solutions

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

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

Our solutions enable clients to, among other things:

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

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

- *Strategy and Consulting.* We create strategic visioning and roadmaps that empower our clients to compete more effectively and operate more efficiently to outpace their competition. We do this by providing solutions in digital strategy, technology strategy, management consulting, and organizational change management.
- *Data and Intelligence.* We empower clients to understand and navigate their vast amounts of digital data in order to make smarter, more-informed business solutions and navigate the digital data ecosystem with offerings in: analytics, artificial intelligence and machine learning, big data, business intelligence, and a custom product portfolio.
- *Platforms and Technology.* We help our clients integrate and optimize systems and processes, and leverage the right tools to enhance productivity, reduce costs, and improve digital experiences. We do this by providing expertise across a broad spectrum of solutions and services that includes: blockchain, cloud, commerce, corporate performance management, customer relationship management, content management systems, customer experience platforms, custom application development, DevOps, enterprise resource planning, integration and APIs, intelligent automation, Internet of Things, mobile, portals and collaboration, supply chain, product information management, and order management systems.

- *Customer Experience and Digital Marketing.* We create meaningful connections across every touchpoint to help our clients acquire, engage, and retain customers by providing compelling and engaging customer experiences and targeting customers with powerful messaging. Our services include: analytics, content architecture, conversion rate optimization, creative design, email marketing, journey sciences, paid media, paid search, marketing automation research, SEO services, and social media.
- *Innovation and Product Development.* Our customized solutions are uniquely tailored to each client to help them launch new business lines, capitalize with new products, and enter new markets. These solutions include product development services, and a robust suite of proprietary products.
- *Optimized Global Delivery.* Our clients face pressures to innovate quickly while reducing costs to deliver transformative solutions. We help clients scale large, complex projects and manage costs through our fully owned and operated offshore, domestic, and nearshore delivery centers.

We have developed intellectual property assets, applications, utilities, and products that enable our clients to reduce time to delivery and total cost of ownership. In addition, we sell certain internally developed software packages. These foundational tools include configurable Solution Accelerators and Industry Tools that can be customized to solve specific enterprise challenges. Our Solution Accelerators increase the velocity of solution development across key horizontal disciplines including content management, integration and APIs, business process management, enterprise search, and tax compliance. Our Industry Tools enable enterprises to address industry-specific business process and workflow challenges. We offer these tools for the healthcare, energy and utilities, financial services, and retail markets. Our strong network of partnerships and cross-platform capabilities enable us to develop and deliver accelerators across a wide spectrum of solution areas and vendor platforms.

In addition to our technology solution services and intellectual property assets, we offer education and mentoring services. We conduct IBM, Oracle, and OneStream-certified training, where we provide both a customized and established curriculum of courses and other education services.

Competitive Strengths

We believe our competitive strengths include:

- *Domain Expertise.* We have developed significant domain expertise in a core set of technology solutions and software platforms. These solutions include custom applications, management consulting, analytics, commerce, content management, business integration, portals and collaboration, customer relationship management, business process management, and platform implementations. The platforms with which we have significant domain expertise and on which these solutions are built include IBM, Red Hat, Adobe, Microsoft, Oracle, Salesforce, MuleSoft, and Sitecore.
- *Industry Expertise.* We serve many of the world's largest and most-respected brands with extensive business process experience across a variety of markets. These include healthcare (including pharma and life sciences), financial services (including banking and insurance), consumer markets (including retail and consumer goods), manufacturing, automotive and transportation, telecommunications, and energy and utilities.
- *Delivery Model and Methodology.* Our significant domain expertise enables us to provide high-value solutions through project teams that deliver measurable results by working collaboratively with clients through a user-centered, technology-based, and business-driven solutions methodology. Our methodology includes our proven execution process map that allows for repeatable, high-quality services delivery. The methodology leverages the thought leadership of our senior strategists and practitioners to support the client project team and focuses on transforming our clients' business processes to provide enhanced customer value and operating efficiency. As a result, we are able to offer our clients the dedicated attention that small firms usually provide, combined with the delivery and project management that a larger firm offers.

- *“Instant Insights” Platform.* We leverage our “Instant Insights” platform to capture and react to customer feedback throughout project lifecycles, at scale. Instant Insights automates the solicitation and capturing of confidential customer feedback and disseminates it to the proper leadership and executive teams. This proprietary process and tool enables us to quickly address client concerns and strengthen the customer relationship in the process.
- *Client Relationships.* We have built a track record of quality solutions and client satisfaction through the timely, efficient, and successful completion of numerous projects. As a result, we have established long-term relationships with many clients that continue to engage us for additional projects and serve as references for us. For the years ended December 31, 2021, 2020 and 2019, 93%, 94% and 91%, respectively, of services revenues were derived from clients that continued to utilize our services from the prior year, excluding any revenues from acquisitions completed in that year.
- *Vendor Relationship and Endorsements.* We have built meaningful relationships with software providers, whose products we use to design and implement solutions for our clients. These relationships enable us to reduce our cost of sales and sales cycle times and increase win rates by leveraging our partners’ marketing efforts and endorsements. We also serve as a sales channel for our partners, helping them market and sell their software products. We are an IBM Platinum Business Partner, a Microsoft National Solutions Provider and Global NSP Partner, an Oracle Platinum Partner, an Adobe Platinum Partner, a Salesforce Consulting Partner, a MuleSoft Premier Partner, and a Sitecore Platinum Solution Partner.
- *Offshore Delivery.* In addition to serving our clients from locations in multiple markets throughout North America, we operate global development centers in India, China, and Eastern Europe. These facilities are staffed with colleagues who have specializations that include application development, adapter and interface development, quality assurance and testing, monitoring and support, product development, platform migration, and portal development with expertise in IBM, Microsoft, Oracle, Sitecore, Magento, and other technologies. As of December 31, 2021, we had 1,625 colleagues at our offshore offices, 1,399 of which were billable. We intend to continue to leverage our existing offshore capabilities, especially in India, to support our growth and provide our clients flexible options for project delivery.
- *Nearshore Delivery.* Our nearshore delivery teams, based in Colombia, Chile, Uruguay, and Argentina, help our clients lower costs while receiving the highest quality of service. These teams provide custom application and software development with proven experience in complex, cloud-native product development leveraging cutting-edge software engineering technologies and practices around: DevOps, artificial intelligence/machine learning, test automation, UX/UI, commerce, cloud architecture design and implementation, blockchain, analytics, big data/fast data, chatbots and voice recognition system processing, modern scalable platforms, mobile, and performance engineering. As of December 31, 2021, we had 1,541 colleagues at our nearshore offices, 1,356 of which were billable.
- *Global Delivery Recognition.* In 2021, the Company was named to the IAOP Global Outsourcing 100 list in the Leader category by the International Association of Outsourcing Professionals (IAOP®), the global, standard-setting association and advocate for outsourcing professionals and the organizations it supports.

Competition

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

- small local consulting firms that operate in no more than one or two geographic regions;
- boutique consulting firms;
- national consulting firms, such as Accenture, Deloitte Consulting, EPAM Systems, Globant, and Endava;
- digital consulting firms/entities such as Accenture Interactive, Deloitte Digital, Publicis Sapient, and Computer Task Group;
- in-house professional services organizations of software companies; and
- offshore providers, such as Infosys Limited, Cognizant, and Wipro Limited.

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

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

Human Capital

As of December 31, 2021, we had 6,079 employees, 5,213 of which were billable (excluding 400 billable subcontractors) and 866 of which were involved in sales, administration, and marketing. None of our employees are represented by a collective bargaining agreement, and we have never experienced a strike or similar work stoppage. We are committed to the continued development of our employees.

Sales and Marketing. As of December 31, 2021, we had a 174-person direct solutions-oriented sales force. We reward our sales force for developing and maintaining relationships with our clients, seeking follow-up engagements, and leveraging those relationships to forge new relationships in different areas of the business and with our clients' business partners. In addition to our direct sales team, we also had 67 dedicated sales support employees, 30 general managers, 5 area vice-presidents, and 7 vice-presidents who are engaged in our sales and marketing efforts.

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

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

Diversity and Social Initiatives. As a global digital consultancy, Perficient's workforce is comprised of 30% women and 71% of our workforce identifies as Asian, Hispanic or Latinx, Black or African American, American Indian or Alaskan Native, or two or more races. We believe our diversity is reflective of our industry in our operating markets. We support our people in making a difference through active involvement in activities that strengthen the community. Our employees' community support includes preparing women for careers in the tech industry through our global Employee Resource Group, Women in Tech, which connects women and their allies across the Company, facilitates career growth, and builds a community dedicated to supporting fellow colleagues. In 2021, Perficient also introduced its 'Giving' Employee Resource Group, which inspires philanthropic action and generosity, while capturing and celebrating the time, talent and treasure Perficient and its colleagues commit to helping those in need and making the world a better place. Perficient and its colleagues support a wide variety of initiatives and causes, but we place an emphasis on the priorities of advancing STEM (science, technology, math and engineering) education and improving health and well-being. Additionally, we support our community through Perficient Bright Paths, a program designed to create technology career opportunities for underrepresented constituencies and communities in the United States. Furthermore, in collaboration with the Mark Cuban Foundation, the Company hosted an Artificial Intelligence (AI) Bootcamp which educated underserved high school students in the Dallas, Texas area about AI fundamentals to increase AI literacy and understanding.

Environmental Initiatives. We are also committed to protecting the environment and operating our business in a responsible and sustainable manner. To implement this commitment, we have adopted various policies and initiatives. We created a "Perficient Green Team" to identify and implement opportunities for Perficient employees to recycle more, waste less, and support environmentally-focused volunteer opportunities in our communities. Among our accomplishments, we have implemented a green purchasing policy for office supplies, reduced single-use drinkware, established recycling sites throughout our offices, and created informational programs to educate employees on effective ways to recycle. We encourage the reuse, recycling, and upcycling of our end-of-life electronics and computers responsibly in partnership with NiloTech Recycling.

Additionally, in response to our environmental initiatives, our office in Colombia received the International Organization for Standardization (ISO) 14000 certification based on a series of environmental management standards and our office in Somerville, Massachusetts was awarded a LEED Gold certificate by the U.S. Green Building Council (USGBC) for its environmentally efficient design, construction, and operation practices.

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

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

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

General Information

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

Financial Information about Segments and Geographic Areas

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

Item 1A. Risk Factors.

You should carefully consider the following factors together with the other information contained in or incorporated by reference into this Annual Report on Form 10-K before you decide to buy our common stock. These factors could materially adversely affect our business, financial condition, operating results, cash flows, or stock price. Many of the following risks and uncertainties are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could materially adversely affect our business, financial condition, operating results, cash flows, or stock price.

Macroeconomic and Industry Risks

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

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

Volatile, negative or uncertain economic and political conditions in the markets we serve have undermined, and could in the future undermine, business confidence and cause our clients to reduce or defer their spending on new technologies or initiatives or terminate existing contracts, which would negatively affect our business. Growth in markets we serve could be at a slow rate, or could stagnate, in each case, for an extended period of time. Differing economic and political conditions and patterns of economic growth and contraction in the geographical regions in which we operate and the markets we serve have affected, and may in the future affect, demand for our services. For the year ended December 31, 2021, 97% of our revenues

were derived from our clients in North America. Weakening demand in this market could have a material adverse effect on our results of operations. Ongoing economic and political volatility and uncertainty affects our business in a number of other ways, including making it more difficult to accurately forecast client demand beyond the short term and effectively build our revenue and resource plans, particularly in consulting. This could result, for example, in us not having the level of appropriate personnel where they are needed or having to use involuntary terminations as means to keep our supply of skills and resources in balance.

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

The COVID-19 pandemic may materially and adversely affect the Company's business, operations, financial results and/or stock price.

The COVID-19 pandemic has created significant and widespread volatility, uncertainty and disruptions in the U.S. and global economies, including in the regions in which we operate. Certain of our customers have requested discounts or extended payment terms, paused or slowed services, or declared bankruptcy. The extent to which the pandemic ultimately impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including but not limited to: the duration and scope of the pandemic; governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on economic activity and actions taken in response; the effect on our clients and client demand for our services and solutions; our ability to sell and provide our services and solutions, including as a result of travel restrictions and people working from home; the ability of our clients to pay for our services and solutions; any changes to our clients' payment terms; any closures of our offices and facilities as we transitioned to working remotely; and any closures of our clients' offices and facilities because of government orders, recommendations or otherwise. Clients may also slow down decision making, delay planned work or seek to terminate or amend existing agreements in a manner adverse to the Company. Any of these events could cause or contribute to the other risks and uncertainties faced by the Company, as described in this Form 10-K and elsewhere, and could materially adversely affect our business, operations, financial results and/or stock price.

We face risks associated with potential changes to federal, state, local and foreign laws, regulations and policies.

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

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

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

Our revenue and profitability depend on the demand for our services and favorable margins, which could be negatively affected by numerous factors, many of which are beyond our control and unrelated to our work product. As described above, volatile, negative or uncertain global economic and political conditions have adversely affected, and could in the future adversely affect, client demand for our services and solutions. In addition, developments in the markets we serve, which may be rapid, could shift demand to services and solutions where we are less competitive, or might require significant investment by us to upgrade, enhance or expand our services and solutions to meet that demand. Companies in the markets we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If one of our current clients merges or consolidates with a company that relies on another provider for its consulting, systems integration and technology, or outsourcing services, we may lose work from that client or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation. Many of our consulting contracts are less than 12 months in duration, and often contain 10 to 30 day termination provisions. If a client is dissatisfied with our services and we

are unable to effectively respond to its needs, the client might terminate existing contracts, or reduce or eliminate spending on the services and solutions we provide. Additionally, a client could choose not to retain us for additional stages of a project, try to renegotiate the terms of its contract or cancel or delay additional planned work. When contracts are terminated or not renewed, we lose the anticipated revenues, and it may take significant time to replace the lost revenues or we may be unsuccessful in our attempt to recover such revenues. Consequently, our results of operations in subsequent periods could be materially lower than expected. The specific business or financial condition of a client, changes in management and changes in a client's strategy are also factors that can result in terminations, cancellations or delays, and in pressure to reduce costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Strategic and Operational Risks

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

We have pursued a disciplined acquisition strategy designed to enhance or add to our offerings of services and solutions, or to enable us to expand in certain markets, both domestically and internationally. Depending upon the opportunities available, we may increase our investment in these acquisitions. In that pursuit, we may not successfully identify suitable acquisition candidates, succeed in completing targeted transactions, or achieve desired results of operations. Furthermore, we face risks in successfully integrating any businesses we acquire. Ongoing business may be disrupted and our management's attention may be diverted by acquisitions, transition or integration activities. In addition, we might need to dedicate additional management and other resources, and our organizational structure could make it difficult for us to efficiently integrate acquired businesses into our ongoing operations and assimilate and retain employees of those businesses into our culture and operations.

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

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

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

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

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

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

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

Because we conduct a part of our operations through our subsidiaries located in Latin America, India, Canada, China and Europe, we are subject to the effects of wage inflation and other marketplace factors in these countries, which have increased in recent years. If increases in salary and other operating costs at those operating subsidiaries exceed our internal forecasts, the hourly rates established under our time-and-materials contracts might not be sufficient to recover those increased operating costs, which would make those contracts unprofitable for us, thereby adversely affecting our results of operations, financial condition and cash flows from operations.

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

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

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

We believe the Perficient brand name and our reputation are important corporate assets that help distinguish our services from those of our competitors and also contribute to our efforts to recruit and retain talented employees. However, our corporate reputation is potentially susceptible to material damage by events such as disputes with clients, information technology security breaches or service outages, or other delivery failures. Similarly, our reputation could be damaged by

actions or statements of current or former clients, employees, competitors, vendors, as well as members of the investment community and the media. The investment community, our employees and other stakeholders have evidenced an increased focus on ESG factors, issues and initiatives. We have disclosed certain of our efforts with respect to such matters. Our reputation could be damaged if our efforts are, or are deemed to be, unsuccessful or are deemed insufficient relative to our competitors.

There is a risk that negative information could adversely affect our business. Damage to our reputation could be difficult and time-consuming to repair, could make potential or existing clients reluctant to select us for new engagements or cause existing clients to terminate our services, resulting in a loss of business, and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of the Perficient brand name and could reduce investor confidence in us, materially adversely affecting our share price.

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

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

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

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

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

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We have established allowances for losses of receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate and as a result we might need to adjust our allowances. We might not accurately assess the credit worthiness of our clients. Macroeconomic conditions could also result in financial difficulties for our clients, including bankruptcy and insolvency. This could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Recovery of client financing and timely collection of client balances also depends upon our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

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

The Company is in the process of upgrading and migrating its ERP system to a cloud version to support the Company's future growth plan and to further integrate processes and geographic locations. Upgrading an ERP system on a widespread basis involves significant changes in business processes and extensive organizational training. In connection with

the implementation, the Company may experience temporary business and information technology disruptions that could adversely affect the Company's business, financial condition and results of operations.

Indebtedness and Liquidity Risks

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

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

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

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

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

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

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

Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by any Option Counterparty,

we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any of the Option Counterparties.

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

As of December 31, 2021, we had unrestricted cash and cash equivalents totaling \$24.4 million and a borrowing capacity under our credit facility of \$200.0 million, with \$199.8 million unused capacity available, and a commitment from our lenders to increase our borrowing capacity by \$75.0 million. Of the \$24.4 million of cash and cash equivalents at December 31, 2021, \$6.1 million was held by certain foreign subsidiaries which is not available to fund domestic operations unless the funds would be repatriated. We currently do not plan or foresee a need to repatriate such funds. The balance at December 31, 2021 also includes \$5.2 million in cash held by certain other foreign subsidiaries, the earnings of which are not considered to be indefinitely reinvested and may be repatriated from time to time. We intend to continue to make investments to support our business growth and may require additional funds if our capital is insufficient to pursue business opportunities and respond to business challenges. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

Human Capital Risks

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

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

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

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

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

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

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

Approximately 6% of our billable workforce is comprised of skilled foreign nationals holding H1-B visas. The H1-B visa classification enables us to hire qualified foreign workers in positions that require the equivalent of at least a bachelor's degree in the U.S. in a specialty occupation such as technology systems engineering and analysis. The H1-B visa generally permits an individual to work and live in the U.S. for a period of up to six years, with extensions available in certain circumstances. The number of new H1-B petitions approved in any federal fiscal year is limited, making the H1-B visas necessary to bring foreign employees to the U.S. unobtainable in years in which the limit is reached. The number of H1-B visas available, and the process to obtain them, may be subject to significant change. If we are unable to obtain all of the H1-B visas for which we apply, our growth or service offerings may be hindered.

Data Security and Intellectual Property Risks

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

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

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

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

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

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

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

Legal and Tax Risks

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

We could be subject to significant legal liability and litigation expense if we fail to meet our contractual obligations, or otherwise breach obligations, to third parties, including clients, partners, employees and former employees, and other parties with whom we conduct business, or if our subcontractors breach or dispute the terms of our agreements with them and impede our ability to meet our obligations to our clients. We may enter into agreements with non-standard terms because we perceive an important economic opportunity or because our personnel did not adequately follow our contracting guidelines. In addition, the contracting practices of competitors, along with the demands of increasingly sophisticated clients, may cause contract terms and conditions that are unfavorable to us to become new standards in the marketplace. We may find ourselves committed to providing services or solutions that we are unable to deliver or whose delivery will reduce our profitability or cause us financial loss. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expense and our results of operations could be materially adversely affected. A failure of a client's system based on our services or solutions could also subject us to a claim for significant damages that could materially adversely affect our results of operations. In addition to expense, litigation can be lengthy and disruptive to normal business operations, and litigation results can be unpredictable. While we maintain insurance for certain potential liabilities, this insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and the amount of our recovery, if any.

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

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

negative impact on our profitability. In addition, changes in tax laws, treaties, or regulations, or their interpretation or enforcement, may be unpredictable and could materially adversely affect our tax position.

Financial Risks

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

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

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

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our stockholders on our internal control over financial reporting that includes an assessment of the effectiveness of these controls. Internal control over financial reporting has inherent limitations, including human error, the possibility that controls could be circumvented or become inadequate because of changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be required to restate our financial statements, and our results of operations, our share price and our ability to obtain new business could be materially adversely affected.

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

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

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

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

We also face risks that extreme economic conditions, political instability, hostilities or natural disasters could impact or perhaps eliminate the underlying exposures that we are hedging. Such an event could lead to losses being recognized on the currency hedges then in place that are not offset by anticipated changes in the underlying hedge exposure.

Risks Related to Owning Our Common Stock

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

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

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

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

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

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

Additionally, the investment community and other stakeholders have had an increased focus on ESG factors, issues and initiatives and have scrutinized various companies' efforts with respect to matters. Such focus and scrutiny may result in certain investors using ESG considerations, and their or third-party advisors' evaluation of the Company's response to such matters, to guide their investment strategies, including whether they wish to invest in, or divest from, the Company. The focus, scrutiny and standards by which such investors evaluate their investment strategies continue to change. These matters could cause our stock price to fluctuate.

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

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

- seasonality, including number of workdays, holidays and summer vacations.

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

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

Our executive officers, directors, and 5% and greater stockholders beneficially own or control approximately 28% of the voting power of our common stock. This concentration of voting power of our common stock may make it difficult for our other stockholders to successfully approve or defeat matters that may be submitted for action by our stockholders. It may also have the effect of delaying, deterring, or preventing a change in control of the Company.

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

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

Item 3. Legal Proceedings.

We are involved from time to time in various legal proceedings arising in the ordinary course of business. Although the outcome of lawsuits or other proceedings cannot be predicted with certainty and the amount of any liability that could arise with respect to such lawsuits or other proceedings cannot be predicted accurately, we do not expect any currently pending matters to have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Our common stock is quoted on The Nasdaq Global Select Market under the symbol "PRFT." There were approximately 474 stockholders of record of our common stock as of February 15, 2022, including 414 restricted account holders.

We have never declared or paid any cash dividends on our common stock. Our credit facility currently restricts the payment of cash dividends. See Note 12, *Long-term Debt*, in the Notes to Consolidated Financial Statements for further information regarding the restrictions. Any future determination as to the declaration and payment of dividends will be made at the discretion of our board of directors and will depend on our earnings, operating and financial condition, capital requirements and other factors deemed relevant by our board of directors, including the applicable requirements of the Delaware General Corporation Law.

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

Unregistered Sales of Securities

On October 15, 2021, a wholly-owned subsidiary of the Company acquired Overactive pursuant to the terms of a Stock Purchase Agreement. The consideration paid in this transaction included 24,642 shares of Company common stock issued at closing with an aggregate value of approximately \$2.9 million based on the average closing sales price for the 30 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 \$315.0 million of Company common stock through a stock repurchase program expiring December 31, 2022. 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.

From the program's inception on August 11, 2008 through December 31, 2021, we have repurchased approximately \$261.3 million (16.1 million shares) of our outstanding common stock.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Beginning balance as of October 1, 2021	16,084,394	\$ 16.01	16,084,394	\$ 57,485,567
October 1-31, 2021	—	—	—	\$ 57,485,567
November 1-30, 2021	22,900	138.85	22,900	\$ 54,305,833
December 1-31, 2021	5,000	127.67	5,000	\$ 53,667,473
Ending balance as of December 31, 2021	<u>16,112,294</u>	\$ 16.22	<u>16,112,294</u>	

(1) Average price paid per share includes commission.

Item 6. [Reserved]

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

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

Overview

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

COVID-19 Pandemic

In March 2020, the World Health Organization recognized a novel strain of coronavirus (COVID-19) as a pandemic. In response to the pandemic, the United States and various foreign, state and local governments have, among other actions, imposed travel and business restrictions and required or advised communities in which we do business to adopt stay-at-home orders and social distancing guidelines, causing some businesses to adjust, reduce or suspend operating activities. While certain of these restrictions and guidelines have been lifted or relaxed, they may be reinstated in response to continuing effects of the pandemic, including emerging variants. The pandemic and the various governments’ response have caused, and continue to cause, significant and widespread uncertainty, volatility and disruptions in the U.S. and global economies, including in the regions in which we operate.

Through December 31, 2021, we have not experienced a material impact to our business, operations or financial results as a result of the pandemic. However, in the current and future periods, we may experience weaker customer demand, requests for discounts or extended payment terms, customer bankruptcies, supply chain disruption, employee staffing constraints and difficulties, government restrictions or other factors that could negatively impact the Company and its business, operations and financial results. As we cannot predict the duration or scope of the pandemic or its impact on economic and financial markets, any negative impact to our results cannot be reasonably estimated, but it could be material.

We continue to monitor closely the Company’s financial health and liquidity and the impact of the pandemic on the Company, including emerging variants. We have been able to serve the needs of our customers while taking steps to protect the health and safety of our employees, customers, partners, and communities. Among these steps, we have transitioned to primarily working remotely and minimizing travel, which has not resulted in a material disruption to the Company’s operations. We are proactively planning to reopen our offices in a manner that protects the safety and well-being of our Perficient colleagues, while complying with federal, state and local government and health regulations. See “Part I – Item 1A – Risk Factors” of this Form 10-K for additional information regarding the potential impact of COVID-19 on the Company.

Services Revenues

Services revenues are derived from professional services that include developing, implementing, integrating, automating and extending business processes, technology infrastructure, and software applications. Professional services revenues are recognized over time as services are rendered. Most of our projects are performed on a time and materials basis, while a portion of our revenues is derived from projects performed on a fixed fee or fixed fee percent complete basis. For time and material projects, revenues are recognized and billed by multiplying the number of hours our professionals expend in the performance of the project by the hourly rates. For fixed fee contracts, revenues are recognized and billed by multiplying the established fixed rate per time period by the number of time periods elapsed. For fixed fee percent complete projects, revenues are generally recognized using an input method based on the ratio of hours expended to total estimated hours. Fixed fee percent complete engagements represented 6% of our services revenues for the year ended December 31, 2021 compared to 8% and 7% for the years ended December 31, 2020 and 2019, 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 the COVID-19 pandemic, 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, which may be impacted by the COVID-19 pandemic.

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 ASC Topic 606, sales of third-party software and hardware are presented on a net basis, and as such, third-party software and hardware costs are not presented within cost of revenues.

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

Selling, General and Administrative Expenses

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

Plans for Growth and Acquisitions

Our goal is to continue to build one of the leading information technology consulting firms by expanding our relationships with existing and new clients and through the continuation of our disciplined acquisition strategy. Our future growth plan includes expanding our business with a primary focus on customers in the United States, both organically and through acquisitions. We also intend to further leverage our existing offshore and nearshore capabilities to support our future growth and provide our clients flexible options for project delivery. Our ability to continue to implement our growth plan may be negatively affected by the impact of the COVID-19 pandemic on our operations, and our ability to evaluate potential acquisitions.

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.

Acquisition of Overactive

On October 15, 2021, a wholly-owned subsidiary of the Company acquired Overactive pursuant to the terms of a Stock Purchase Agreement. Overactive is based in Montevideo, Uruguay with nearshore delivery centers in Colombia, Argentina, Uruguay, Chile and Puerto Rico. Overactive specializes in digital modernization solutions driven by cloud-based custom software. Overactive added nearly 700 skilled professionals to the Company and brings strategic client relationships with customers across several industries. Refer to Note 9, *Business Combinations*, for additional information on the acquisition.

Acquisition of PSL

On June 17, 2020, a wholly-owned subsidiary of the Company acquired Productora de Software S.A.S. (“PSL”) pursuant to the terms of a Stock Purchase Agreement. PSL is based in Medellin, Colombia, with additional locations in Bogota and Cali, Colombia. The acquisition of PSL strengthens the Company’s global delivery capabilities, enhancing its nearshore systems and custom software application development, testing, and ongoing support for customers. PSL added more than 600 skilled professionals to the Company and brings strategic client relationships with customers across several industries. Refer to Note 9, *Business Combinations*, for additional information on the acquisition.

Adoption of ASU No. 2016-13

As further detailed in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements, we adopted Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* using the modified retrospective method. ASU No. 2016-13 requires the immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, including trade receivables. The Company adopted this ASU on January 1, 2020 using a modified retrospective approach, which allows the impact of adoption to be recorded through a cumulative effect adjustment to retained earnings without restating comparative periods. The cumulative effect adjustment for adoption of ASU No. 2016-13 resulted in a decrease of \$0.4 million in Accounts receivable, net, and a decrease of \$0.3 million in Retained earnings, net of tax, as of January 1, 2020. Refer to Note 8, *Allowance for Credit Losses*, for additional disclosures resulting from the adoption of ASU No. 2016-13.

Results of Operations

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

	Year Ended December 31,		
	2021	2020	2019
Total revenues	100.0 %	100.0 %	100.0 %
Total cost of revenues (cost of services, exclusive of depreciation and amortization, shown separately below)	61.6	62.2	62.6
Selling, general and administrative	20.0	22.0	23.7
Depreciation and amortization	3.9	4.6	3.6
Acquisition costs	0.5	0.6	0.2
Adjustment to fair value of contingent consideration	—	1.6	0.1
Income from operations	13.9	9.0	9.8
Net interest expense	1.8	1.7	1.3
Loss on extinguishment of debt	3.8	0.7	—
Net other expense	0.1	—	—
Income before income taxes	8.2	6.6	8.5
Income tax provision	1.4	1.7	1.9
Net income	6.8 %	4.9 %	6.6 %

A discussion of changes in our financial condition and results of operations during the year ended December 31, 2020 compared to the year ended December 31, 2019 has been omitted from this Annual Report on Form 10-K, but may be found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 25, 2021, which is available free of charge on the SEC’s website at www.sec.gov and on our investor relations website at www.perficient.com.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenues. Total revenues increased 24% to \$761.0 million for the year ended December 31, 2021 from \$612.1 million for the year ended December 31, 2020.

	Financial Results (in thousands)			Explanation for Increases (Decreases) Over Prior Year Period (in thousands)	
	Year Ended December 31,		Total Increase (Decrease) Over Prior Year Period	Increase Attributable to Revenue Delivered by Resources of Acquired Companies	Increase (Decrease) Attributable to Revenue Delivered by Base Business Resources
	2021	2020			
Services Revenues	\$ 758,722	\$ 609,583	\$ 149,139	\$ 36,912	\$ 112,227
Software and Hardware Revenues	2,305	2,550	(245)	—	(245)
Total Revenues	\$ 761,027	\$ 612,133	\$ 148,894	\$ 36,912	\$ 111,982

Services revenues increased 24% to \$758.7 million for the year ended December 31, 2021 from \$609.6 million for the year ended December 31, 2020. Services revenues delivered by base business resources increased \$112.2 million, primarily driven by increased demand for our services and due to the 2020 acquisitions becoming part of the base business in the second half of 2021. Services revenues delivered by resources of acquired companies was \$36.9 million, resulting in a total increase of \$149.1 million.

Software and hardware revenues decreased 10% to \$2.3 million for the year ended December 31, 2021 from \$2.6 million for the year ended December 31, 2020.

Total Cost of Revenues (cost of services, exclusive of depreciation and amortization, discussed separately below). Total cost of revenues increased 23% to \$468.8 million for the year ended December 31, 2021 from \$380.7 million for the year ended December 31, 2020 primarily due to higher headcount in response to higher services revenues and acquisitions. Services costs as a percentage of services revenues decreased to 61.8% for the year ended December 31, 2021 from 62.5% for the year ended December 31, 2020, primarily due to continued shift to higher margin offshore and nearshore delivery.

Selling, General and Administrative. SG&A expenses increased to \$152.4 million for the year ended December 31, 2021 from \$134.7 million for the year ended December 31, 2020 primarily due to increased sales-related costs and other SG&A expenses (primarily related to acquisitions, recruiting and immigration costs). SG&A expenses, as a percentage of revenues, were 20% and 22% for the years ended December 31, 2021 and 2020, respectively.

Selling, General and Administrative Expense (in millions)	Year Ended December 31,		Increase (Decrease)	Percentage Change
	2021	2020		
Salary expense	\$ 53.3	\$ 51.0	\$ 2.3	5 %
Sales-related costs	19.0	13.7	5.3	39 %
Office costs	15.1	14.2	0.9	6 %
Stock compensation expense	13.7	11.9	1.8	15 %
Variable compensation expense	15.2	13.0	2.2	17 %
Travel & entertainment	0.8	1.6	(0.8)	(50)%
Benefits expense	8.4	7.6	0.8	11 %
IT/Infrastructure	8.9	8.0	0.9	11 %
Bad debt expense	1.8	0.9	0.9	100 %
Other	16.2	12.8	3.4	27 %
Total	\$ 152.4	\$ 134.7	\$ 17.7	13 %

Depreciation. Depreciation expense increased 18% to \$6.4 million for the year ended December 31, 2021 from \$5.4 million for the year ended December 31, 2020. Depreciation expense as a percentage of revenues was 0.8% for the year ended December 31, 2021 and 0.9% for the year ended December 31, 2020, respectively.

Amortization. Amortization expense increased 3% to \$23.5 million for the year ended December 31, 2021 from \$22.9 million for the year ended December 31, 2020. Amortization expense as a percentage of total revenues was 3.1% for the year ended December 31, 2021 and 3.7% for the year ended December 31, 2020. The increase in amortization expense was primarily due to the addition of intangibles from our two acquisitions in 2021.

Acquisition Costs. Acquisition-related costs of \$3.8 million were incurred during 2021 related to the acquisitions of Talos and Overactive compared to \$3.7 million during 2020 related to the acquisitions of MedTouch, Brainjocks, and PSL. Costs were incurred for legal, accounting, tax, investment bank and advisor fees, and valuation services performed by third parties in connection with merger and acquisition-related activities.

Adjustment to Fair Value of Contingent Consideration. An adjustment of \$0.2 million was recorded during the year ended December 31, 2021 which represents the net impact of the fair market value adjustments to the MedTouch LLC (“Medtouch”), Catalyst Networks, Inc. (“Brainjocks”), and PSL revenue and earnings-based contingent consideration liabilities, as well as accretion. An adjustment of \$9.5 million was recorded during the year ended December 31, 2020 which represents the net impact of the fair market value adjustments to the Sundog Interactive, Inc. (“Sundog”), MedTouch, Brainjocks, and PSL revenue and earnings-based contingent consideration liabilities, as well as accretion. Our 2020 acquisitions benefited from cost reductions resulting from travel and other restrictions caused by the COVID-19 pandemic and quicker than anticipated revenues and market demand for nearshore work delivered by PSL.

Net Interest Expense. Net interest expense increased to \$14.1 million for the year ended December 31, 2021 from \$10.1 million for the year ended December 31, 2020. The increase in net interest expense was primarily due to non-cash amortization of debt discount and issuance costs.

Loss on Extinguishment of Debt. During the year ended December 31, 2021, the Company repurchased the remaining portion of the outstanding 2023 Notes and a portion of the outstanding 2025 Notes, resulting in a loss of \$29.0 million. During the year ended December 31, 2020, the Company repurchased a portion of the outstanding 2023 Notes, resulting in a loss of \$4.5 million.

Provision for Income Taxes. We provide for federal, state, and foreign income taxes at the applicable statutory rates adjusted for non-deductible expenses. The effective income tax rate decreased to 16.6% for the year ended December 31, 2021 from 25.2% for the year ended December 31, 2020. The decrease in the effective rate is primarily due to an increase in stock compensation deductions and a decrease in non-deductible transaction costs compared to the prior year.

Liquidity and Capital Resources

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

	December 31,		
	2021	2020	2019
Cash and cash equivalents (1)	\$ 24.4	\$ 83.2	\$ 70.7
Working capital (including cash and cash equivalents) (2)	\$ 94.8	\$ 97.6	\$ 127.3
Amounts available under credit facilities	\$ 199.8	\$ 124.8	\$ 124.8

(1) The balance at December 31, 2021 includes \$6.1 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated. We currently do not plan or foresee a need to repatriate such funds. The balance also includes \$5.2 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The balance at December 31, 2020 includes \$5.1 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated. The balance also includes \$7.9 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations. The balance at December 31, 2019 includes \$5.5 million held by certain foreign subsidiaries which is not available to fund domestic operations unless deemed repatriated. The balance also includes \$1.1 million in cash held by certain other foreign subsidiaries which is available to fund domestic operations.

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

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the year ended December 31, 2021 was \$84.9 million compared to \$118.0 million for the year ended December 31, 2020. For the year ended December 31, 2021, the components of operating cash flows were net income of \$52.1 million plus net non-cash charges of \$79.0 million and additions in net operating assets of \$46.2

million. The primary components of operating cash flows for the year ended December 31, 2020 were net income of \$30.2 million plus net non-cash charges of \$66.8 million and reduction in net operating assets of \$21.0 million.

Net Cash Used in Investing Activities

During the year ended December 31, 2021, we used \$108.8 million for acquisitions and \$10.2 million to purchase property and equipment and to develop software. During the year ended December 31, 2020, we used \$91.9 million for acquisitions and \$6.7 million to purchase property and equipment and to develop software.

Net Cash Used in Financing Activities

For the year ended December 31, 2021, we received \$369.5 million of proceeds from the issuances of the 2026 Notes, net of issuance costs, received \$23.4 million of proceeds from the sales of net-share-settled warrants and paid \$66.1 million for privately negotiated convertible note hedge transactions. We also used \$368.7 million to repurchase the remaining 2023 Notes and a portion of the 2025 Notes, received \$381.3 million related to the sale of privately negotiated convertible hedge transactions for the 2023 Notes and 2025 Notes, and paid \$303.9 million for the repurchase of net-share-settled warrants related to the 2023 Notes and 2025 Notes. We drew down \$74.0 million from our line of credit, repaid \$74.0 million on our line of credit, used \$21.7 million to repurchase shares of our common stock through the stock repurchase program, \$13.5 million to remit taxes withheld as part of a net share settlement of restricted stock vesting, \$24.1 million to settle contingent consideration for the purchase of MedTouch, Brainjocks, and PSL, and paid \$0.6 million for credit facility financing fees. We also received proceeds from sales of stock through the Employee Stock Purchase Plan of \$0.6 million. For the year ended December 31, 2020, we received \$222.7 million of proceeds from the issuances of the 2025 Notes, net of issuance costs, received \$22.2 million of proceeds from the sales of net-share-settled warrants and paid \$48.9 million for privately negotiated convertible note hedge transactions. We also used \$180.4 million to repurchase a portion of the 2023 Notes, received \$50.1 million related to the sale of privately negotiated convertible hedge transactions for the 2023 Notes, and paid \$43.0 million for the repurchase of net-share-settled warrants related to the 2023 Notes. We drew down \$28.0 million from our line of credit, repaid \$28.0 million on our line of credit, used \$19.6 million to repurchase shares of our common stock through the stock repurchase program, \$8.0 million to remit taxes withheld as part of a net share settlement of restricted stock vesting, and \$2.8 million to settle contingent consideration for the purchase of Elixiter and Sundog. We also received proceeds from sales of stock through the Employee Stock Purchase Plan of \$0.3 million.

Availability of Funds from Credit Facility

On May 7, 2021, the Company entered into an Amended and Restated Credit Agreement (the "2021 Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent and the other lenders parties thereto. The 2021 Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$200.0 million, subject to a commitment increase of \$75.0 million. All outstanding amounts owed under the 2021 Credit Agreement become due and payable no later than the final maturity date of May 7, 2026. As of December 31, 2021, there was no outstanding balance under the 2021 Credit Agreement. The Company incurred \$0.6 million of deferred finance fees as a result of the 2021 Credit Agreement during the twelve months ended December 31, 2021.

The 2021 Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$10.0 million at any one time; outstanding letters of credit reduce the credit available for revolving credit borrowings. As of December 31, 2021, the Company had two outstanding letters of credit for \$0.2 million. Substantially all of the Company's assets are pledged to secure the credit facility.

Borrowings under the 2021 Credit Agreement bear interest at the Company's option of the prime rate (3.25% on December 31, 2021) plus a margin ranging from 0.00% to 1.00% or one-month LIBOR (0.10% on December 31, 2021) plus a margin ranging from 1.00% to 2.00%. The Company incurs an annual commitment fee of 0.15% to 0.20% on the unused portion of the line of credit. The additional margin amount and annual commitment fee are dependent on the level of outstanding borrowings. As of December 31, 2021, the Company had \$199.8 million of unused borrowing capacity.

At December 31, 2021, we were in compliance with all covenants under the 2021 Credit Agreement.

Stock Repurchase Program

The Company's Board of Directors authorized the repurchase of up to \$315.0 million of Company common stock through a stock repurchase program expiring December 31, 2022. 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 \$261.3 million (16.1 million shares) of outstanding common stock through December 31, 2021.

From time to time, we establish a written trading plan in accordance with Rule 10b5-1 of the Exchange Act, pursuant to which we make a portion of our stock repurchases. Additional repurchases will be at times and in amounts as the Company deems appropriate and will be made through open market transactions in compliance with Rule 10b-18 of the Exchange Act, subject to market conditions, applicable legal requirements, and other factors.

Cash Requirements from Contractual Obligations

For the year ended December 31, 2021, there were no material changes outside the ordinary course of business in lease obligations or other contractual obligations. See Note 16, *Leases*, in the Notes to Consolidated Financial Statements for further description of our contractual obligations.

There were no balances outstanding under the Credit Agreement as of December 31, 2021 and 2020. As of December 31, 2021, there were in aggregate \$326.1 million of outstanding Notes, net of unamortized debt discount and issuance costs, compared to \$183.6 million as of December 31, 2020. The amounts are classified as "Long-term debt" within the Consolidated Balance Sheets as of December 31, 2021 and 2020. The 2026 Notes will become due and payable no later than the final maturity date of November 15, 2026. The 2025 Notes will become due and payable no later than the final maturity date of August 1, 2025.

We have incurred commitments to make future payments under contracts such as leases, the 2021 Credit Agreement and the Notes, as well as noncancellable purchase obligations, which primarily relate to multi-year third-party software sales. Maturities under these contracts are set forth in the following table as of December 31, 2021 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations	\$ 38,119	\$ 10,384	\$ 15,615	\$ 8,017	\$ 4,103
Total debt (1)	403,293	—	—	403,293	—
Purchase obligations	3,995	1,285	2,710	—	—
Total	<u>\$ 445,407</u>	<u>\$ 11,669</u>	<u>\$ 18,325</u>	<u>\$ 411,310</u>	<u>\$ 4,103</u>

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

Conclusion

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

Of the total cash and cash equivalents reported on the Consolidated Balance Sheet as of December 31, 2021 of \$24.4 million, approximately \$6.1 million was held by certain foreign subsidiaries where the Company has considered the earnings to be indefinitely reinvested in those operations. The Company is able to fund its liquidity needs outside of these subsidiaries, primarily through cash flows generated by domestic operations and our credit facility, as well as the proceeds from the 2026 Notes issuances in the fourth quarter of 2021. Therefore, the Company has no current plans to repatriate cash from these foreign subsidiaries in the foreseeable future. As of December 31, 2021, the aggregate unremitted earnings of the Company's foreign subsidiaries for which a deferred income tax liability has not been recorded was approximately \$19.5 million, and the unrecognized deferred tax liability on unremitted earnings was approximately \$1.3 million. As of December 31, 2021, \$5.2 million of the total cash and cash equivalents was held by certain other foreign subsidiaries where the Company has determined that the earnings from these subsidiaries are not permanently reinvested and may repatriate available earnings from these subsidiaries from time to time.

We believe that 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. However, while the Company did not experience a material impact on the business, operations or financial results from the COVID-19 pandemic during the year ended December 31, 2021, the pandemic may materially and adversely affect our business, operations and financial results, including our cash flows, in the future as a result of, among other things, weaker customer demand, requests for discounts or extended payment terms, customer bankruptcies, supply chain disruption, employee staffing constraints and difficulties, government restrictions or other factors. For example, since the start of the COVID-19 pandemic we have experienced certain of our customers requesting discounts or extended payment terms, pausing or slowing services, or declaring bankruptcy. Additionally, we have experienced some delays in obtaining new commitments from customers. Given the uncertain duration and scope of the pandemic and its impact on economic and financial markets, we cannot reliably predict or estimate the impact of the pandemic on our business, operations or financial results. See “Part I – Item 1A – Risk Factors” of this Form 10-K for additional information regarding the potential impact of COVID-19 on the Company.

Critical Accounting Policies

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

Revenue Recognition

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

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

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

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

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

On many professional service projects, the Company is also reimbursed for out-of-pocket expenses including travel and other project-related expenses. These reimbursements are included as a component of the transaction price of the respective

professional services contract and are invoiced as the expenses are incurred. The Company structures its professional services arrangements to recover the cost of reimbursable expenses without a markup.

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

Arrangements with clients may contain multiple promises such as delivery of software, hardware, professional services or post-contract support services. These promises are accounted for as separate performance obligations if they are distinct. For arrangements with clients that contain multiple performance obligations, the transaction price is allocated to the separate performance obligations based on estimated relative standalone selling price, which is estimated by the expected cost plus a margin approach, taking into consideration market conditions and competitive factors. Because contracts that contain multiple performance obligations are typically short term due to the contract cancellation provisions, the allocation of the transaction price to the separate performance obligations is not considered a significant estimate.

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

Purchase Accounting and Related Fair Value Measurements

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

Convertible Debt

In accordance with accounting for debt with conversion and other options, the Company bifurcated the principal amount of the Notes into liability and equity components. The initial liability component of the Notes was valued based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance. The equity component representing the conversion option and calculated as the residual amount of the proceeds was recorded as an increase in additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect. The amount recorded within additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. The resulting debt discount is being amortized to interest expense using the effective interest method over the period from the issuance date through the contractual maturity date. The Company utilizes the treasury stock method to calculate the effects of the Notes on diluted earnings per share.

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

Hedges were recorded as a reduction in additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect.

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

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

Income Taxes

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

Recent Accounting Pronouncements

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

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

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

Exchange Rate Sensitivity

We are exposed to market risks associated with changes in foreign currency exchange rates because we generate a portion of our revenues and incur a portion of our expenses in currencies other than the U.S. dollar. As of December 31, 2021, we were exposed to changes in exchange rates between the U.S. dollar and ten other currencies. We hedge material foreign currency exchange rate exposures when feasible using forward contracts. These instruments are subject to fluctuations in foreign currency exchange rates and credit risk. Credit risk is managed through careful selection and ongoing evaluation of the financial institutions utilized as counterparties. Refer to Note 14, *Derivatives*, in the Notes to Consolidated Financial Statements for further discussion.

Interest Rate Sensitivity

As of December 31, 2021, there was no outstanding balance and \$199.8 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 LIBOR rate plus a margin.

During the third quarter of 2020 and the fourth quarter of 2021, we issued the 2025 Notes and the 2026 Notes, respectively, which have a fixed interest rate of 1.250% and 0.125%, respectively. The fair value of the Notes may increase or decrease for various reasons, including fluctuations in the market price of our common stock, fluctuations in market interest rates and fluctuations in general economic conditions. Based upon the quoted market price as of December 31, 2021, the fair value of the 2025 Notes and 2026 Notes was approximately \$59.6 million and \$363.6 million, respectively.

We had unrestricted cash and cash equivalents totaling \$24.4 million at December 31, 2021 and \$83.2 million at December 31, 2020. The unrestricted cash and cash equivalents are primarily held for working capital purposes and acquisitions. We do not enter into investments for trading or speculative purposes.

Item 8. Financial Statements and Supplementary Data.

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

	December 31,	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,410	\$ 83,204
Accounts receivable, net	177,602	133,085
Prepaid expenses	5,400	5,575
Other current assets	7,296	4,646
Total current assets	214,708	226,510
Property and equipment, net	14,747	11,902
Operating lease right-of-use assets	33,353	38,539
Goodwill	515,229	427,928
Intangible assets, net	81,277	63,571
Other non-current assets	23,258	17,311
Total assets	\$ 882,572	\$ 785,761
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 26,074	\$ 25,613
Other current liabilities	93,877	103,267
Total current liabilities	119,951	128,880
Long-term debt, net	326,126	183,624
Operating lease liabilities	23,898	29,098
Other non-current liabilities	47,832	50,081
Total liabilities	\$ 517,807	\$ 391,683
Commitments and contingencies (see Note 17)		
Stockholders' equity:		
Preferred stock (par value \$0.001 per share; 8,000,000 authorized; no shares issued or outstanding as of December 31, 2021 and December 31, 2020)	\$ —	\$ —
Common stock (par value \$0.001 per share; 100,000,000 authorized; 52,534,967 shares issued and 33,881,196 shares outstanding as of December 31, 2021; 50,296,453 shares issued and 32,074,094 shares outstanding as of December 31, 2020)	53	50
Additional paid-in capital	423,235	459,866
Accumulated other comprehensive (loss) income	(5,843)	3,746
Treasury stock, at cost (18,653,771 shares as of December 31, 2021; 18,222,359 shares as of December 31, 2020)	(324,412)	(289,225)
Retained earnings	271,732	219,641
Total stockholders' equity	364,765	394,078
Total liabilities and stockholders' equity	\$ 882,572	\$ 785,761

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2021	2020	2019
Revenues	\$ 761,027	\$ 612,133	\$ 565,527
Total cost of revenues (cost of services, exclusive of depreciation and amortization, shown separately below)	468,813	380,723	354,213
Selling, general, and administrative	152,419	134,675	134,187
Depreciation	6,398	5,430	4,447
Amortization	23,453	22,857	16,151
Acquisition costs	3,814	3,675	896
Adjustment to fair value of contingent consideration	198	9,519	301
Income from operations	105,932	55,254	55,332
Net interest expense	14,052	10,128	7,418
Loss on extinguishment of debt	28,996	4,537	—
Net other expense (income)	401	260	(27)
Income before income taxes	62,483	40,329	47,941
Income tax provision	10,392	10,148	10,816
Net income	\$ 52,091	\$ 30,181	\$ 37,125
Basic net income per share	\$ 1.62	\$ 0.95	\$ 1.18
Diluted net income per share	\$ 1.50	\$ 0.93	\$ 1.15
Shares used in computing basic net income per share	32,202	31,793	31,344
Shares used in computing diluted net income per share	34,670	32,516	32,243

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 52,091	\$ 30,181	\$ 37,125
Other comprehensive (loss) income, net of reclassification adjustments and income taxes			
Foreign benefit plan, net of tax	(188)	(149)	(71)
Foreign currency translation adjustment, net of tax	(9,401)	6,545	9
Comprehensive income	<u>\$ 42,502</u>	<u>\$ 36,577</u>	<u>\$ 37,063</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2021	2020	2019
Common Stock			
Beginning of period	\$ 50	\$ 49	\$ 48
Stock compensation related to restricted stock vesting and retirement savings plan contributions	3	1	1
End of period	53	50	49
Additional Paid-in Capital			
Beginning of period	459,866	455,465	437,250
Proceeds from the sales of stock through the Employee Stock Purchase Plan	631	310	178
Stock compensation related to restricted stock vesting and retirement savings plan contributions	20,401	18,514	16,581
Issuance of stock in conjunction with acquisitions including stock attributed to future compensation	6,822	10,184	1,456
Equity component of issuance of convertible notes, net of tax	49,332	36,386	—
Debt issuance costs of convertible notes allocated to equity, net of tax	(1,394)	(1,147)	—
Purchase of hedges related to issuance of convertible notes, net of tax	(49,308)	(36,387)	—
Proceeds from issuance of warrants related to issuance of convertible notes	23,408	22,218	—
Equity component of repurchase of convertible notes, net of tax	(407,084)	(52,711)	—
Proceeds from sale of hedges related to repurchase of convertible notes	381,290	50,062	—
Purchases of warrants related to repurchase of convertible notes	(303,896)	(43,028)	—
Shares issued upon extinguishment of 2025 convertible notes	243,167	—	—
End of period	423,235	459,866	455,465
Accumulated Other Comprehensive Income (Loss)			
Beginning of period	3,746	(2,650)	(2,588)
Foreign benefit plan, net of tax	(188)	(149)	(71)
Foreign currency translation adjustment, net of tax	(9,401)	6,545	9
End of period	(5,843)	3,746	(2,650)
Treasury Stock			
Beginning of period	(289,225)	(261,624)	(233,676)
Purchases of treasury stock and buyback of shares for taxes	(35,187)	(27,601)	(27,948)
End of period	(324,412)	(289,225)	(261,624)
Retained Earnings			
Beginning of period	219,641	189,775	152,650
Cumulative effect of accounting changes (See Note 2)	—	(315)	—
Net income	52,091	30,181	37,125
End of period	271,732	219,641	189,775
Total Stockholders' Equity	\$ 364,765	\$ 394,078	\$ 381,015

See accompanying notes to consolidated financial statements.

	Year Ended December 31,		
	2021	2020	2019
Common Stock, shares			
Beginning of period	32,074	31,687	31,771
Sales of stock through the Employee Stock Purchase Plan	9	9	6
Stock compensation related to restricted stock vesting and retirement savings plan contributions	522	678	783
Purchases of treasury stock and buyback of shares for taxes	(431)	(637)	(927)
Issuance of stock in conjunction with acquisition including stock attributed to future compensation	67	337	54
Issuance of shares for repurchase of convertible notes	1,640	—	—
End of period	<u>33,881</u>	<u>32,074</u>	<u>31,687</u>

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2021	2020	2019
OPERATING ACTIVITIES			
Net income	\$ 52,091	\$ 30,181	\$ 37,125
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	6,398	5,430	4,447
Amortization	23,453	22,857	16,151
Loss on extinguishment of debt	28,996	4,537	—
Deferred income taxes	(12,662)	(1,588)	2,041
Non-cash stock compensation and retirement savings plan contributions	21,554	19,146	17,425
Amortization of debt issuance costs and discounts	11,014	6,855	4,667
Adjustment to fair value of contingent consideration for purchase of business	198	9,519	301
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(34,451)	8,237	(3,402)
Other assets	(3,475)	1,821	(7,677)
Accounts payable	56	861	(1,356)
Other liabilities	(8,256)	10,104	8,243
Net cash provided by operating activities	<u>84,916</u>	<u>117,960</u>	<u>77,965</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	(9,244)	(5,266)	(8,082)
Capitalization of internally developed software costs	(960)	(1,465)	(1,174)
Purchase of businesses, net of cash acquired	(108,848)	(91,883)	(11,143)
Net cash used in investing activities	<u>(119,052)</u>	<u>(98,614)</u>	<u>(20,399)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of convertible notes	380,000	230,000	—
Payment for convertible notes issuance costs	(10,540)	(7,253)	—
Purchase of hedges related to issuance of convertible notes	(66,120)	(48,944)	—
Proceeds from issuance of warrants related to issuance of convertible notes	23,408	22,218	—
Payments for repurchase of convertible notes	(368,664)	(180,420)	—
Proceeds from sale of hedges related to repurchase of convertible notes	381,290	50,062	—
Repurchase of warrants related to repurchase of convertible notes	(303,896)	(43,028)	—
Payment for credit facility financing fees	(633)	—	—
Proceeds from line of credit	74,000	28,000	—
Payments on line of credit	(74,000)	(28,000)	—
Payment of contingent consideration for purchase of business	(24,128)	(2,820)	(4,281)
Proceeds from the sale of stock through the Employee Stock Purchase Plan	631	310	178
Purchases of treasury stock	(21,724)	(19,573)	(20,612)
Remittance of taxes withheld as part of a net share settlement of restricted stock vesting	(13,463)	(8,028)	(7,336)
Net cash used in financing activities	<u>(23,839)</u>	<u>(7,476)</u>	<u>(32,051)</u>
Effect of exchange rate on cash and cash equivalents	(819)	606	229
Change in cash and cash equivalents	<u>(58,794)</u>	<u>12,476</u>	<u>25,744</u>
Cash and cash equivalents at beginning of period	83,204	70,728	44,984
Cash and cash equivalents at end of period	<u>\$ 24,410</u>	<u>\$ 83,204</u>	<u>\$ 70,728</u>
Supplemental disclosures:			
Cash paid for income taxes	\$ 16,122	\$ 5,256	\$ 7,405
Cash paid for interest	\$ 3,988	\$ 3,411	\$ 3,674
Non-cash activities:			
Stock issued for purchase of businesses	\$ 6,244	\$ 8,729	\$ 1,294
Issuance of shares for repurchase of convertible notes	\$ 243,167	\$ —	\$ —
Liability incurred for purchase of property and equipment	\$ 144	\$ 503	\$ 1,851

See accompanying notes to consolidated financial statements.

PERFICIENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Description of Business and Principles of Consolidation

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

Through December 31, 2021, the Company had not experienced a material impact to its business, operations or financial results as a result of the novel coronavirus (COVID-19) pandemic. However, the Company’s operating results for the year ended December 31, 2021 are not necessarily indicative of future results, particularly in light of the COVID-19 pandemic and its continuing effects on domestic and global economies. To limit the spread of COVID-19, governments have imposed, and may continue to impose, among other things, travel and business operation restrictions and stay-at-home orders and social distancing guidelines, causing some businesses to adjust, reduce or suspend operating activities. While certain of these restrictions and guidelines have been lifted or relaxed, they may be reinstated in response to continuing effects of the pandemic, including as a result of emerging variants. These disruptions and restrictions could adversely affect our operating results due to, among other things, reduced demand for our services and solutions, requests for discounts or extended payment terms, or customer bankruptcies.

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

2. Summary of Significant Accounting Policies

Use of Estimates

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

Revenue Recognition

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

Allowance for Credit Losses

As of January 1, 2020, the Company estimates its allowance for credit losses in accordance with ASC Topic 326, *Financial Instruments - Credit Losses*. See Note 8, *Allowance for Credit Losses*, for information regarding the Company’s accounting policies related to the allowance for credit losses.

Stock-Based Compensation

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

Income Taxes

The Company accounts for income taxes in accordance with ASC Subtopic 740-10, *Income Taxes* (“ASC Subtopic 740-10”), and ASC Section 740-10-25, *Income Taxes – Recognition* (“ASC Section 740-10-25”). ASC Subtopic 740-10 prescribes the use of the asset and liability method whereby deferred tax asset and liability account balances are determined

based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are subject to tests of recoverability. A valuation allowance is provided for such deferred tax assets to the extent realization is not judged to be more likely than not. ASC Section 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10-25 also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions.

Cash and Cash Equivalents

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

Property and Equipment

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

Goodwill and Intangible Assets

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other* (“ASC Topic 350”), the Company performs an annual impairment review in the fourth quarter and more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company has one reporting unit for purposes of the goodwill impairment review. ASC Topic 350 permits an assessment of qualitative factors to determine whether it is more likely than not that the fair value is less than the carrying amount of the Company before applying the quantitative goodwill impairment test. If it is more likely than not that the fair value is less than the carrying amount of the Company, the quantitative goodwill impairment test will be conducted to detect and measure any impairment. Based upon the Company’s qualitative assessment, it is more likely than not that the fair value of the Company is greater than its carrying amount. No impairment charges were recorded for 2021, 2020 or 2019.

Other intangible assets include customer relationships, non-compete arrangements, trade names, customer backlog, and developed software, which are being amortized over the assets’ estimated useful lives using the straight-line method. Estimated useful lives range from one year to 10 years. Amortization of customer relationships, non-compete arrangements, trade names, customer backlog, and developed software is considered an operating expense and is included in “Amortization” in the accompanying Consolidated Statements of Operations. The Company periodically reviews the estimated useful lives of its identifiable intangible assets, taking into consideration any events or circumstances that might result in a lack of recoverability or revised useful life. Other intangible assets are evaluated for impairment upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. No impairment of intangible assets or other long-lived assets was recorded for 2021, 2020 or 2019.

Purchase Accounting and Related Fair Value Measurements

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

Financial Instruments

Cash equivalents, accounts receivable, accounts payable, and other accrued liabilities are stated at amounts which approximate fair value due to the near term maturities of these instruments. The Company’s long-term debt balance related to

its 2.375% Convertible Senior Notes Due 2023 (“2023 Notes”), 1.250% Convertible Senior Notes Due 2025 (“2025 Notes”), and 0.125% Convertible Senior Notes Due 2026 (“2026 Notes”) are carried at their principal amount less unamortized debt discount and issuance costs, and are not carried at fair value at each period end. See Note 12, *Long-Term Debt*, for information regarding the Company’s convertible debt accounting policies.

The Company, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of foreign currency exchange rate risk. Both the gain or loss on derivatives not designated as hedging instruments and the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. All derivatives are carried at fair value in the consolidated balance sheets. See Note 14, *Derivatives*, for additional information regarding the Company’s derivative financial instruments.

Treasury Stock

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

Segment and Geographic Information

The Company operates as one reportable operating segment according to ASC Topic 280, *Segment Reporting*, which establishes standards for the way that business enterprises report information about operating segments. The chief operating decision maker formulates decisions about how to allocate resources and assess performance based on consolidated financial results. During each of the years ended December 31, 2021, 2020 and 2019, approximately 97%, 98%, and 98% of the Company’s revenues were derived from clients in the United States. As of December 31, 2021 and 2020, 33% and 20%, respectively, of the Company’s non-current assets were located outside the United States, the majority of which were comprised of goodwill and other intangible assets from acquisitions outside of the United States.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which supersedes ASC Topic 840, *Leases*, and creates a new topic, ASC Topic 842, *Leases*. During the year end December 31, 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, ASU 2018-11, *Leases – Targeted Improvement*, and ASU 2018-20, *Leases (Topic 842): Narrow Scope Improvements for Lessors* which further amended ASU No. 2016-02. These updates require lessees to recognize lease liabilities and right of use (“ROU”) assets for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The Company adopted ASC Topic 842 as of January 1, 2019 using the modified retrospective transition method provided by ASU No. 2018-11. The Company elected the package of practical expedients granted by ASU No. 2016-2 and did not reassess whether existing contracts contained a lease, the classification of existing leases, and unamortized indirect costs as of January 1, 2019. The Company also elected the practical expedient related to the combination of lease and non-lease components and included fixed payments related to common area maintenance expense for the Company’s office leases in the measurement of the Company’s ROU assets and lease liabilities. There was no impact on net income, cash flows or net assets as a result of adoption. Refer to Note 16, *Leases*, for additional disclosures resulting from the adoption of ASU No. 2016-02 and its amendments.

In June 2016, the FASB issued ASU No. 2016-13, which amended the guidance of ASC Topic 326, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires the immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, including trade receivables. The Company adopted this ASU on January 1, 2020 using a modified retrospective approach, which allows the impact of adoption to be recorded through a cumulative effect adjustment to retained earnings without restating comparative periods. The cumulative effect adjustment for adoption of ASU No. 2016-13 resulted in a decrease of \$0.4 million in Accounts receivable, net, and a decrease of \$0.3 million in Retained earnings, net of tax, as of January 1, 2020. Refer to Note 8, *Allowance for Credit Losses*, for additional disclosures resulting from the adoption of ASU No. 2016-13.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40)*, which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments, requiring bifurcation only if the convertible debt feature qualifies as a derivative or for convertible debt issued at a substantial premium. The ASU removes certain settlement conditions required for equity contracts to qualify for the derivative scope exception, permitting more contracts to qualify for the exception. In addition, the guidance eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The ASU is effective for annual reporting periods beginning after December 15,

2021, including interim reporting periods within those annual periods, with early adoption permitted no earlier than the fiscal year beginning after December 15, 2020. 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 expects to initially record a \$2.1 million cumulative-effect adjustment to the opening balance of retained earnings on the consolidated balance sheet, largely due to the reduction in non-cash interest expense associated with the historical separation of debt and equity components for the Notes. The Company also expects 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 expects interest expense recognized will be reduced as a result of accounting for the convertible debt instrument as a single liability measured at its amortized cost. The Company does not expect this adoption to have a material impact on the consolidated statement of cash flows. Upon adoption, the Company will prospectively utilize the if-converted method to calculate the impact of convertible instruments on diluted earnings per share.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Subtopic 805)*, which requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Revenue from Contracts with Customers (Topic 606) rather than adjust them to fair value at the acquisition date. The Company will adopt this ASU on January 1, 2023. The Company is current evaluating the related impact of the new guidance on its financial statements.

3. Revenues

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

Services Revenues

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

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

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

Other services revenues are comprised of hosting fees, partner referral fees, maintenance agreements, training and internally developed software-as-a-service ("SaaS") sales. Revenues from hosting fees, maintenance agreements, training and

internally developed SaaS sales are generally recognized over time using a time-based measure of progress as services are rendered. Partner referral fees are recorded at a point in time upon meeting specified requirements to earn the respective fee.

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

Software and Hardware Revenues

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

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

Arrangements with Multiple Performance Obligations

Arrangements with clients may contain multiple promises such as delivery of software, hardware, professional services or post-contract support services. These promises are accounted for as separate performance obligations if they are distinct. For arrangements with clients that contain multiple performance obligations, the transaction price is allocated to the separate performance obligations based on estimated relative standalone selling price, which is estimated by the expected cost plus a margin approach, taking into consideration market conditions and competitive factors. Because contracts that contain multiple performance obligations are typically short term due to the contract cancellation provisions, the allocation of the transaction price to the separate performance obligations is not considered a significant estimate.

Contract Costs

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

Deferred Revenue

The Company's deferred revenue balance as of December 31, 2021 and 2020 was \$8.2 million and \$9.4 million, respectively. Substantially all of the December 31, 2020 deferred revenue balance was recognized in revenue during the year ended December 31, 2021.

Transaction Price Allocated to Remaining Performance Obligations

Due to the ability of the client or the Company to cancel or terminate the contract within a given period of time (generally 10 to 30 days' notice is required), the majority of the Company's contracts have a term of less than one year. The Company does not disclose the value of unsatisfied performance obligations for contracts with an original maturity date of one year or less or time and materials contracts for which the Company has the right to invoice for services performed. Revenue related to unsatisfied performance obligations for remaining contracts as of December 31, 2021 was immaterial.

Disaggregation of Revenue

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

Year Ended December 31, 2021			
	Over Time	Point In Time	Total Revenues
Time and materials contracts	\$ 577,674	\$ —	\$ 577,674
Fixed fee percent complete contracts	49,117	—	49,117
Fixed fee contracts	107,698	—	107,698
Reimbursable expenses	10,677	—	10,677
Total professional services fees	745,166	—	745,166
Other services revenue*	11,320	2,236	13,556
Total services	756,486	2,236	758,722
Software and hardware	—	2,305	2,305
Total revenues	\$ 756,486	\$ 4,541	\$ 761,027

Year Ended December 31, 2020			
	Over Time	Point In Time	Total Revenues
Time and materials contracts	\$ 436,466	\$ —	\$ 436,466
Fixed fee percent complete contracts	51,752	—	51,752
Fixed fee contracts	95,237	—	95,237
Reimbursable expenses	10,110	—	10,110
Total professional services fees	593,565	—	593,565
Other services revenue*	13,536	2,482	16,018
Total services	607,101	2,482	609,583
Software and hardware	—	2,550	2,550
Total revenues	\$ 607,101	\$ 5,032	\$ 612,133

Year Ended December 31, 2019			
	Over Time	Point In Time	Total Revenues
Time and materials contracts	\$ 384,422	\$ —	\$ 384,422
Fixed fee percent complete contracts	41,484	—	41,484
Fixed fee contracts	104,056	—	104,056
Reimbursable expenses	15,474	—	15,474
Total professional services fees	545,436	—	545,436
Other services revenue*	13,604	2,878	16,482
Total services	559,040	2,878	561,918
Software and hardware	—	3,609	3,609
Total revenues	\$ 559,040	\$ 6,487	\$ 565,527

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

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

Year Ended December 31,			
	2021	2020	2019
United States	\$ 738,298	\$ 599,236	\$ 552,357
Other countries	22,729	12,897	13,170
Total revenues	\$ 761,027	\$ 612,133	\$ 565,527

4. Concentration of Credit Risk and Significant Customers

Cash and accounts receivable potentially expose the Company to concentrations of credit risk. Cash is placed with highly rated financial institutions. The Company provides credit, in the normal course of business, to its customers. The Company generally does not require collateral or up-front payments. The Company performs periodic credit evaluations of its customers and maintains allowances for potential credit losses. Customers can be denied access to services in the event of non-payment. During 2021, a substantial portion of the services the Company provided were built on Adobe, Microsoft, IBM, Salesforce, Sitecore and Oracle platforms, among others, and a significant number of the Company's clients are identified through joint selling opportunities conducted with and through sales leads obtained from the relationships with these vendors. Due to the Company's significant fixed operating expenses, the loss of sales to any significant customer could negatively impact net income and cash flow from operations. However, the Company has remained relatively diversified, with its largest customer only representing approximately 4% of total revenues for the year ended December 31, 2021 and 5% of total revenues for each of the years ended December 31, 2020 and 2019.

5. Stock-Based Compensation

Stock Plans

The Company's Second Amended and Restated Perficent, Inc. 2012 Long Term Incentive Plan (as amended, the "Incentive Plan") allows for the granting of various types of stock awards to eligible individuals. The Compensation Committee of the Board of Directors administers the Incentive Plan and determines the terms of all stock awards made under the Incentive Plan. The Company may issue stock awards of up to 7.0 million shares of Common Stock pursuant to the Incentive Plan. As of December 31, 2021, there were 1.2 million shares of Common Stock available for issuance under the Incentive Plan.

Restricted stock activity for the year ended December 31, 2021 was as follows (in thousands, except fair value information):

	Shares	Weighted-Average Grant Date Fair Value
Restricted stock awards outstanding at December 31, 2020	905	\$ 35.34
Awards granted (1)	276	\$ 76.48
Awards vested (2)	(473)	\$ 31.92
Awards forfeited	(66)	\$ 37.40
Restricted stock awards outstanding at December 31, 2021	<u>642</u>	<u>\$ 55.34</u>

- (1) The weighted average grant date fair value of shares granted during 2020 and 2019 was \$41.07 and \$33.38, respectively.
(2) The total fair value of restricted shares vested during the years ended December 31, 2021, 2020 and 2019 was \$44.1 million, \$24.6 million and \$23.3 million, respectively.

The Company recognized \$23.1 million, \$19.5 million and \$17.9 million of share-based compensation expense during 2021, 2020 and 2019, respectively, which included \$4.0 million, \$3.4 million and \$3.2 million of expense for retirement savings plan contributions, respectively. The associated current and future income tax benefit recognized during 2021, 2020 and 2019 was \$3.8 million, \$2.6 million and \$3.5 million, respectively. As of December 31, 2021, there was \$28.2 million of total unrecognized compensation cost related to non-vested share-based awards. This cost is expected to be recognized over a weighted-average period of two years. Restricted stock awards generally vest over a three-year service period.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "ESPP") is a broadly-based stock purchase plan in which any eligible employee may elect to participate by authorizing the Company to make payroll deductions in a specific amount or designated percentage to pay the exercise price of an option. In no event will the ESPP permit an employee to purchase common stock with a fair market value in excess of \$25,000 in any calendar year. During the year ended December 31, 2021, 8,649 shares were purchased under the ESPP.

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

6. Net Income Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share includes the weighted average number of common shares outstanding and the number of equivalent shares which would be issued related to unvested restricted stock, convertible senior notes, warrants, and acquisition consideration using the treasury method, unless such additional equivalent shares are anti-dilutive.

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

	Year Ended December 31,		
	2021	2020	2019
Net income	\$ 52,091	\$ 30,181	\$ 37,125
Basic:			
Weighted-average shares of common stock outstanding	32,202	31,793	31,344
Shares used in computing basic net income per share	32,202	31,793	31,344
Effect of dilutive securities:			
Restricted stock subject to vesting	559	417	673
Shares issuable for conversion of convertible senior notes	1,564	52	—
Shares issuable for acquisition consideration (1)	198	254	226
Shares issuable for exercise of warrants	147	—	—
Shares used in computing diluted net income per share	34,670	32,516	32,243
Basic net income per share	\$ 1.62	\$ 0.95	\$ 1.18
Diluted net income per share	\$ 1.50	\$ 0.93	\$ 1.15

- (1) For the year ended December 31, 2021, 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 MedTouch LLC (“MedTouch”); (iii) the Asset Purchase Agreement with Catalyst Networks, Inc. (“Brainjocks”); (iv) the Stock Purchase Agreement with the shareholders of Productora de Software S.A.S. (“PSL”); (v) the Purchase Agreement with Talos (as defined in Note 9 - Business Combinations); and (vi) the Stock Purchase Agreement with the shareholders of Izmul S.A. (“Overactive”), as part of the consideration. For the year ended December 31, 2020, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with RAS & Associates, LLC (“RAS”); (ii) the Asset Purchase Agreement with Zeon; (iii) the Asset Purchase Agreement with Stone Temple Consulting Corporation (“Stone Temple”); (iv) the Asset Purchase Agreement with Sundog Interactive, Inc. (“Sundog”); (v) the Asset Purchase Agreement with MedTouch; (vi) the Asset Purchase Agreement with Brainjocks; and (vii) the Stock Purchase Agreement with the shareholders of PSL, as part of the consideration. For the year ended December 31, 2019, this represents the shares held in escrow pursuant to: (i) the Asset Purchase Agreement with Zeon; (ii) the Asset Purchase Agreement with RAS; (iii) the Asset Purchase Agreement with Southport Services Group, LLC (“Southport”); (iv) the Asset Purchase Agreement with Stone Temple; (v) the Agreement and Plan of Merger with Elixiter, Inc. (“Elixiter”); and (vi) the Asset Purchase Agreement with Sundog, 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):

	Year Ended December 31,		
	2021	2020	2019
Restricted stock subject to vesting	—	2	26
Convertible senior notes	1,980	4,451	3,823
Warrants related to the issuance of convertible senior notes	1,980	8,275	3,823
Total anti-dilutive securities	3,960	12,728	7,672

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

The Company's Board of Directors authorized the repurchase of up to \$315.0 million of Company common stock through a stock repurchase program expiring December 31, 2022. 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 \$261.3 million (16.1 million shares) of outstanding common stock through December 31, 2021.

7. Balance Sheet Components

	December 31,	
	2021	2020
	(In thousands)	
Accounts receivable:		
Billed accounts receivable, net	\$ 120,892	\$ 85,998
Unbilled revenues, net	56,710	47,087
Total	\$ 177,602	\$ 133,085
Property and equipment:		
Computer hardware (useful life of 3 years)	\$ 21,382	\$ 15,640
Furniture and fixtures (useful life of 5 years)	4,599	4,597
Leasehold improvements (useful life of 5 years)	7,850	6,607
Software (useful life of 1 to 7 years)	6,018	5,342
Less: Accumulated depreciation	(25,102)	(20,284)
Total	\$ 14,747	\$ 11,902
Other current liabilities:		
Accrued variable compensation	\$ 31,244	\$ 27,527
Deferred revenues	8,167	9,422
Estimated fair value of contingent consideration liability (Note 9)	21,644	33,943
Current operating lease liabilities	11,543	10,321
Deferred employer FICA payments	—	5,523
Payroll related costs	9,523	5,738
Professional fees	1,727	736
Accrued medical claims expense	2,605	2,405
Accrued IT expenses	1,776	1,964
Other current liabilities	5,648	5,688
Total	\$ 93,877	\$ 103,267

	December 31,	
	2021	2020
	(In thousands)	
Other non-current liabilities:		
Deferred income taxes	\$ 13,075	\$ 20,911
Deferred employer FICA payments	—	5,523
Other non-current liabilities	3,462	2,434
Reserve for uncertain tax positions	19,127	8,009
Non-current software accrual	2,710	5,748
Deferred compensation liability	9,458	7,456
Total	\$ 47,832	\$ 50,081

8. Allowance for Credit Losses

The Company adopted ASU No. 2016-13 on January 1, 2020. See Note 2, *Summary of Significant Accounting Policies*, for a discussion of the ASU and the impact of adoption. As a result of the adoption, the Company amended its accounting policies for the allowance for credit losses. In accordance with ASU No. 2016-13, 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.

Prior to the adoption of ASU No. 2016-13, the allowance for credit losses was based upon specific identification of likely and probable losses. Each accounting period, accounts receivable was evaluated for risk associated with a client's inability to make contractual payments, historical experience, and other currently available information.

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

	Year Ended December 31,		
	2021	2020	2019
Balance at December 31	\$ 1,065	\$ 464	\$ 810
Impact of ASU No. 2016-13 adoption	—	423	—
Opening balance at January 1	1,065	887	810
Charges to expense, net of recoveries	1,801	855	428
Other (1)	78	(677)	(774)
Balance at December 31	\$ 2,944	\$ 1,065	\$ 464

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

9. Business Combinations

2021 Acquisitions

On September 8, 2021, the Company acquired substantially all of the assets of Talos LLC and Talos Digital LLC, each a Delaware limited liability company, and a wholly-owned subsidiary of the Company acquired all of the outstanding capital stock of Talos Digital SAS and TCOMM SAS, each a simplified stock company organized under the laws of the Republic of Colombia (collectively, "Talos"). Talos is a digital transformation consultancy based in Miami, Florida with nearshore delivery centers in Medellin, Colombia. The acquisition of Talos strengthened the Company's global delivery capabilities, and enhanced its nearshore systems and commerce and custom developed solutions customers. Talos added more than 180 professionals and strategic client relationships with customers across several industries. The Company's total allocable purchase price consideration was \$28.0 million, net of cash acquired. The Company incurred approximately \$1.1 million in transaction costs, which were expensed when incurred. The amount of goodwill deductible for tax purposes is \$8.6 million.

On October 15, 2021, a wholly-owned subsidiary of the Company acquired Overactive pursuant to the terms of a Stock Purchase Agreement. Overactive is based in Montevideo, Uruguay with nearshore delivery centers in Colombia, Argentina, Uruguay, Chile and Puerto Rico. The acquisition of Overactive expanded the Company's digital modernization solution services. Overactive added nearly 700 professionals and strategic client relationships with customers across several industries and expanded the Company's operations in Latin America. The Company's total allocable purchase price consideration was \$110.1 million, net of cash acquired. The Company incurred approximately \$2.5 million in transaction costs, which were expensed when incurred. The goodwill is non-deductible for tax purposes.

The acquisition date fair value of the consideration transferred for the 2021 acquisitions consisted of the following (in millions):

	Talos	Overactive
Cash	\$ 14.9	\$ 93.9
Company common stock issued at closing	3.8	2.5
Contingent consideration (1)	9.0 (2)	12.6 (3)
Net working capital adjustment due to the seller(s)	0.3	1.1
Total allocable purchase price consideration	\$ 28.0	\$ 110.1

- (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 Talos acquisition is \$10.6 million. As of December 31, 2021, the fair value of the contingent consideration was \$9.0 million.
- (3) The maximum cash payout that may be realized by the sellers in the Overactive acquisition is \$14.4 million. As of December 31, 2021, the fair value of the contingent consideration was \$12.6 million.

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):

	Talos	Overactive
Acquired tangible assets	\$ 2.3	\$ 13.9
Identified intangible assets	8.1	35.0
Liabilities assumed	(1.2)	(18.5)
Goodwill	18.8	79.7
Total purchase price	\$ 28.0	\$ 110.1

The following table presents details of the intangible assets acquired during the year ended December 31, 2021 (dollars in millions).

	Weighted Average Useful Life	Estimated Useful Life	Aggregate acquisitions
Customer relationships	9 years	6 - 10 years	\$ 39.0
Customer backlog	1 year	1 year	3.0
Non-compete agreements	5 years	5 years	0.4
Trade name	1 year	1 year	0.7
Total acquired intangible assets			\$ 43.1

The above purchase price accounting estimates for Talos and Overactive 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.

The aggregate amounts of revenue and net income of the Talos and Overactive acquisitions included in the Company's Consolidated Statements of Operations from the respective acquisition dates to December 31, 2021 are as follows (in thousands):

	Acquisition Date to December 31, 2021
Revenues	\$ 15,291
Net income	\$ 370

2020 Acquisitions

On January 6, 2020, the Company acquired substantially all of the assets of MedTouch, pursuant to the terms of an Asset Purchase Agreement. The acquisition of MedTouch expands the Company's digital healthcare marketing services. The Company's total allocable purchase price consideration was \$20.0 million. The Company incurred approximately \$0.6 million in transaction costs, which were expensed when incurred. The amount of goodwill deductible for tax purposes is \$20.4 million.

On March 23, 2020, the Company acquired substantially all of the assets of Brainjocks, pursuant to the terms of an Asset Purchase Agreement. The acquisition of Brainjocks expands the Company's strategic marketing and technical delivery services. On May 4, 2020 pursuant to a separate Asset Purchase Agreement, a wholly-owned subsidiary of the Company completed the acquisition of substantially all of the assets of Brainjocks Europe d.o.o. Novi Sad, an affiliate of Brainjocks operating in Serbia. With the completion of this acquisition, the Company now has facilities located in Novi Sad, Serbia. The Company's total allocable purchase price consideration was \$21.2 million. The Company incurred approximately \$1.1 million in transaction costs, which were expensed when incurred. The amount of goodwill deductible for tax purposes is \$12.6 million.

On June 17, 2020, a wholly-owned subsidiary of the Company acquired PSL pursuant to the terms of a Stock Purchase Agreement. PSL is based in Medellin, Colombia, with additional locations in Bogota and Cali, Colombia. The acquisition of PSL strengthens the Company's global delivery capabilities, enhancing its nearshore systems and custom software application development, testing, and ongoing support for customers. PSL adds more than 600 professionals and brings strategic client relationships with customers across several industries. The Company's total allocable purchase price consideration was \$83.1 million, net of cash acquired. The Company incurred approximately \$2.1 million in transaction costs, which were expensed when incurred. The goodwill is non-deductible for tax purposes.

The acquisition date fair value of the consideration transferred for the 2020 acquisitions consisted of the following (in millions):

	<u>MedTouch</u>	<u>Brainjocks</u>	<u>PSL</u>
Cash	\$ 13.9	\$ 15.8	\$ 60.8
Company common stock issued at closing	1.9	2.4	4.5
Contingent consideration (1)	4.2 (2)	2.3 (3)	17.7 (4)
Net working capital adjustment due to the seller(s)	—	0.7	0.1
Total allocable purchase price consideration	\$ 20.0	\$ 21.2	\$ 83.1

- (1) Represents the initial fair value estimate of additional revenue and earnings-based contingent consideration, which may be realized by the seller(s) 12 months after the closing date of the acquisition.
- (2) MedTouch achieved a portion of the potential maximum cash payout pursuant to the Asset Purchase Agreement, and as a result, the Company paid \$9.2 million in contingent consideration during the year ended December 31, 2021. The maximum cash payout that may have been realized by MedTouch was \$10.2 million. The Company recorded a pre-tax adjustment in "Adjustment to fair value of contingent consideration" on the Consolidated Statements of Operations of \$0.3 million and \$4.7 million during the years ended December 31, 2021 and 2020, respectively.
- (3) Brainjocks achieved a portion of the potential maximum cash payout pursuant to the Asset Purchase Agreement, and as a result, the Company paid \$3.9 million in contingent consideration during the year ended December 31, 2021. The maximum cash payout that may have been realized by Brainjocks was \$4.8 million. The Company recorded a pre-tax adjustment in "Adjustment to fair value of contingent consideration" on the Consolidated Statements of Operations of \$0.3 million and \$1.3 million during the years ended December 31, 2021 and 2020, respectively.
- (4) PSL achieved a portion of the potential maximum cash payout pursuant to the Stock Purchase Agreement, and as a result, the Company paid \$20.9 million in contingent consideration during the year ended December 31, 2021. The

maximum cash payout that may have been realized by PSL was \$22.2 million. The Company recorded a pre-tax adjustment to reduce the liability in “Adjustment to fair value of contingent consideration” on the Consolidated Statements of Operations of \$0.6 million during the year ended December 31, 2021. The Company recorded a pre-tax adjustment to increase the liability in “Adjustment to fair value of contingent consideration” on the Consolidated Statements of Operations of \$3.9 million during the year ended December 31, 2020.

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

	MedTouch	Brainjocks	PSL
Acquired tangible assets	\$ 4.7	\$ 7.0	\$ 11.6
Identified intangible assets	6.7	8.4	29.6
Liabilities assumed	(6.0)	(4.9)	(17.7)
Goodwill	14.6	10.7	59.6
Total purchase price	\$ 20.0	\$ 21.2	\$ 83.1

As the Company completed its evaluation of the acquired assets and assumed liabilities of PSL, the Company recorded certain adjustments during the measurement period based on facts and circumstances that existed as of acquisition date. The measurement period adjustments resulted in an increase to the total purchase price of \$1.1 million, an increase to acquired tangible assets of \$0.5 million, a decrease to identified intangible assets of \$0.4 million, an increase to liabilities assumed of \$1.7 million and an increase to goodwill of \$2.7 million from the acquisition date through June 30, 2021. The measurement period for the PSL acquisition was closed in June 2021.

The following table presents details of the intangible assets acquired during the year ended December 31, 2020 (dollars in millions).

	Weighted Average Useful Life	Estimated Useful Life	Aggregate Acquisitions
Customer relationships	6 years	5 - 7 years	\$ 33.0
Customer backlog	1 year	1 year	9.6
Non-compete agreements	5 years	5 years	0.2
Trade name	1 year	1 year	0.4
Developed software	4 years	3 - 5 years	1.5
Total acquired intangible assets			\$ 44.7

2019 Acquisitions

On May 22, 2019, the Company acquired substantially all of the assets of Sundog, pursuant to the terms of an Asset Purchase Agreement. The acquisition of Sundog expands the Company’s strategic marketing and technical delivery services. The Company’s total allocable purchase price consideration was \$14.1 million, comprised of \$10.3 million in cash paid and \$1.3 million in Company common stock issued at closing, increased by \$0.6 million for a net working capital adjustment paid to the seller in the first quarter of 2020. The purchase price also included \$1.9 million representing the initial fair value estimate of additional revenue and earnings-based contingent consideration, which may be realized by the seller 12 months after the closing date of the acquisition with a maximum cash payout of \$3.6 million. Sundog achieved a portion of the maximum cash payout pursuant to the purchase agreement, and as a result, the Company paid \$2.5 million in contingent consideration in the fourth quarter of 2020. The amount of goodwill deductible for tax purposes is \$8.0 million.

The results of the 2019, 2020 and 2021 acquisitions’ operations have been included in the Company’s consolidated financial statements since the respective acquisition dates.

Pro-forma Results of Operations

The following presents the unaudited pro-forma combined results of operations of the Company with PSL and Overactive for the years ended December 31, 2021, 2020, and 2019 after giving effect to certain pro-forma adjustments and assuming PSL was acquired as of the beginning of 2019 and Overactive was acquired as of the beginning of 2020. These

unaudited pro-forma results include adjustments for PSL from January 1, 2019 through December 31, 2020 and adjustments for Overactive from January 1, 2020 through December 31, 2021. Pro-forma results of operations have not been presented for MedTouch, Brainjocks, or Talos because the effect of these acquisitions on the Company's consolidated financial statements were not material individually or in the aggregate.

These unaudited pro-forma results are presented in compliance with the adoption of ASU 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*, and are not necessarily indicative of the actual consolidated results of operations had the acquisition of PSL actually occurred on January 1, 2019 and Overactive actually occurred on January 1, 2020 or of future results of operations of the consolidated entities (in thousands except per share data):

	Year Ended December 31,		
	2021	2020	2019
Revenues	\$ 794,158	\$ 658,228	\$ 598,082
Net income	\$ 52,621	\$ 32,424	\$ 28,315
Basic net income per share	\$ 1.63	\$ 1.01	\$ 0.90
Diluted net income per share	\$ 1.52	\$ 0.99	\$ 0.87
Shares used in computing basic net income per share	32,222	31,964	31,344
Shares used in computing diluted net income per share	34,689	32,620	32,413

10. Goodwill and Intangible Assets

Goodwill represents the excess purchase price over the fair value of net assets acquired, or net liabilities assumed, in a business combination. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other*, the Company performs an annual impairment review in the fourth quarter and more frequently if events or changes in circumstances indicate that goodwill might be impaired. There was no indication that goodwill became impaired for the year ended December 31, 2021.

Other intangible assets include customer relationships, non-compete arrangements, trade names, customer backlog, and developed software, which are being amortized over the assets' estimated useful lives using the straight-line method. Estimated useful lives range from less than one year to ten years. Amortization of customer relationships, non-compete arrangements, trade names, customer backlog, and developed software is considered an operating expense and is included in "Amortization" in the accompanying Consolidated Statements of Operations. The Company periodically reviews the estimated useful lives of its identifiable intangible assets, taking into consideration any events or circumstances that might result in a lack of recoverability or revised useful life. There was no indication that other intangible assets became impaired for the year ended December 31, 2021.

Goodwill

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

	Year Ended December 31,	
	2021	2020
Balance, beginning of year	\$ 427,928	\$ 335,564
Purchase price allocations and measurement period adjustments for acquisitions	96,717	86,640
Effect of foreign currency translation adjustments	(9,416)	5,724
Balance, end of year	\$ 515,229	\$ 427,928

Intangible Assets with Definite Lives

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

	Year Ended December 31,					
	2021			2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 125,433	\$ (51,253)	\$ 74,180	\$ 97,497	\$ (44,185)	\$ 53,312
Non-compete agreements	1,444	(736)	708	1,479	(831)	648
Customer backlog	3,025	(741)	2,284	10,353	(5,941)	4,412
Trade name	683	(155)	528	449	(281)	168
Developed software	6,982	(3,405)	3,577	13,962	(8,931)	5,031
Total	\$ 137,567	\$ (56,290)	\$ 81,277	\$ 123,740	\$ (60,169)	\$ 63,571

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

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

Total amortization expense for the years ended December 31, 2021, 2020 and 2019 was \$23.5 million, \$22.9 million and \$16.2 million, respectively.

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

2022	\$ 22,691
2023	\$ 15,016
2024	\$ 11,858
2025	\$ 8,781
2026	\$ 6,530
Thereafter	\$ 16,401

11. Employee Benefit Plans

The Company has a qualified 401(k) profit sharing plan available to full-time employees who meet the plan's eligibility requirements. This defined contribution plan permits employees to make contributions up to maximum limits allowed by the Code. The Company, at its discretion, matches a portion of the employee's contribution under a predetermined formula based on the level of contribution and years of service. For 2021, the Company made matching contributions of 50% (25% in cash and 25% in Company stock) of the first 6% of eligible compensation deferred by the participant. The Company recognized \$8.7 million, \$6.8 million and \$6.7 million of expense for the matching cash and Company stock contribution in 2021, 2020 and 2019, respectively. All matching contributions vest over a three-year period of service.

The Company has a nonqualified deferred compensation plan for certain U.S. personnel. The plan is designed to allow eligible participants to accumulate additional income through elective deferrals of compensation which will be paid in the future. As of December 31, 2021 and 2020, the deferred compensation liability balance was \$9.8 million and \$7.5 million, respectively. The Company funds the deferred compensation plan through company-owned life insurance ("COLI") policies. As of December 31, 2021 and 2020, the COLI asset balance was \$10.8 million and \$7.4 million, respectively.

In accordance with Indian law, the Company provides certain defined benefit plans covering substantially all of its Indian employees. The gratuity plan provides a lump-sum payment to vested employees upon retirement or termination of employment in an amount based on each employee's salary and duration of employment with the Company. The leave encashment plan requires the Company to pay employees leaving the Company a specific formula taking into account earned leaves up to a certain maximum and the employee's most recent salary. The annual projected cost of these defined benefit plans is actuarially determined. As of December 31, 2021 and 2020, the defined benefit plan liability, which is unfunded, was immaterial.

12. Long-term Debt

Revolving Credit Facility

On May 7, 2021, the Company entered into an Amended and Restated Credit Agreement (the "2021 Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent and the other lenders parties thereto. The 2021 Credit Agreement provides for revolving credit borrowings up to a maximum principal amount of \$200.0 million, subject to a commitment increase of \$75.0 million. All outstanding amounts owed under the 2021 Credit Agreement become due and payable no later than the final maturity date of May 7, 2026. As of December 31, 2021, there was no outstanding balance under the 2021 Credit Agreement. The Company incurred \$0.6 million of deferred finance fees as a result of the 2021 Credit Agreement for the year ended December 31, 2021.

The 2021 Credit Agreement also allows for the issuance of letters of credit in the aggregate amount of up to \$10.0 million at any one time; outstanding letters of credit reduce the credit available for revolving credit borrowings. As of December 31, 2021, the Company had two outstanding letters of credit for \$0.2 million. Substantially all of the Company's assets are pledged to secure the credit facility.

Borrowings under the 2021 Credit Agreement bear interest at the Company's option of the prime rate (3.25% on December 31, 2021) plus a margin ranging from 0.00% to 1.00% or one-month LIBOR (0.10% on December 31, 2021) plus a margin ranging from 1.00% to 2.00%. The Company incurs an annual commitment fee of 0.15% to 0.20% on the unused portion of the line of credit. The additional margin amount and annual commitment fee are dependent on the level of outstanding borrowings. As of December 31, 2021, the Company had \$199.8 million of unused borrowing capacity.

The Company is required to comply with various financial covenants under the 2021 Credit Agreement. Specifically, the Company is required to maintain a ratio of earnings before interest, taxes, depreciation, and amortization ("EBITDA") plus stock compensation to interest expense for the previous four consecutive fiscal quarters of not less than 3.50 to 1.00, a ratio of indebtedness less the sum of all unsecured indebtedness, on a consolidated basis and without duplication, less all unrestricted cash and cash equivalents not to exceed \$50,000,000 to EBITDA plus stock compensation of not more than 2.50 to 1.00, and a ratio of indebtedness less all unrestricted cash and cash equivalents not to exceed \$50,000,000 to EBITDA plus stock compensation ("Consolidated Total Net Leverage Ratio") of not more than 5.00 to 1.00. Additionally, the 2021 Credit Agreement currently restricts the payment of dividends that would result in a pro-forma Consolidated Total Net Leverage Ratio of more than 3.50 to 1.00.

At December 31, 2021, the Company was in compliance with all covenants under the 2021 Credit Agreement.

Convertible Senior Notes due 2026

On November 9, 2021, the Company issued \$380.0 million aggregate principal amount of 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 net proceeds from the offerings, after deducting the initial purchasers' discount and issuance costs of \$10.7 million, were \$369.3 million. The Company used (i) \$311.5 million of the net proceeds and 1,640,152 shares of the Company's common stock to partially repurchase the 2025 Notes (as defined and described below), and (ii) \$42.7 million of the net proceeds to fund the cost of entering into the 2026 Notes Hedges (as defined below), after such cost was partially offset by the proceeds that the Company received from entering into the 2026 Notes Warrants (as defined below). The remaining proceeds of \$15.1 million will be used for working capital or other general corporate purposes.

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 to be 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, 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.

In accordance with accounting for debt with conversions and other options, the Company bifurcated the principal amount of the 2026 Notes into liability and equity components. The initial liability component of the 2026 Notes was valued at \$313.8 million based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance of 4.0%. This rate was based on the Company's estimated rate for a similar liability with the same maturity, but without the conversion option. The equity component representing the conversion option and calculated as the residual amount of the proceeds was recorded as an increase in additional paid-in capital within stockholders' equity of \$66.2 million, partially offset by the associated deferred tax effect of \$16.9 million. The amount recorded within additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. The resulting debt discount of \$66.2 million is being amortized to interest expense using the effective interest method with an effective interest rate of 4.0% over the period from the issuance date through the contractual maturity date of November 15, 2026. The Company utilizes the treasury stock method to calculate the effects of the 2026 Notes on diluted earnings per share.

Issuance costs totaling \$10.7 million were allocated pro rata based on the relative fair values of the liability and equity components. Issuance costs of \$8.8 million attributable to the liability component were recorded as a direct deduction from the carrying value of the 2026 Notes and are being amortized to interest expense using the effective interest method over the term of the 2026 Notes. Issuance costs of \$1.9 million attributable to the equity component were recorded as a charge to additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect of \$0.5 million.

Convertible Senior Notes due 2025

On August 14, 2020, the Company issued \$230.0 million aggregate principal amount of the 2025 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. The net proceeds from the offerings, after deducting the initial purchasers' discount and issuance costs of \$7.3 million, were \$222.7 million. The Company used (i) \$172.0 million of the net proceeds to partially repurchase the 2023 Notes (as defined and described below), and (ii) \$26.7 million of the net proceeds to fund the cost of entering into the 2025 Notes Hedges (as defined below), after such cost was partially offset by the proceeds that the Company received from entering into the 2025 Notes Warrants (as defined below). The remaining proceeds of \$24.0 million were used for working capital or other general corporate purposes.

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, with the first payment made on February 1, 2021. 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, 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.

In accordance with accounting for debt with conversions and other options, the Company bifurcated the principal amount of the 2025 Notes into liability and equity components. The initial liability component of the 2025 Notes was valued at \$181.1 million based on the contractual cash flows discounted at an appropriate comparable market non-convertible debt borrowing rate at the date of issuance of 6.3%. The equity component representing the conversion option and calculated as the residual amount of the proceeds was recorded as an increase in additional paid-in capital within stockholders' equity of \$48.9 million, partially offset by the associated deferred tax effect of \$12.6 million. The amount recorded within additional paid-in capital is not to be remeasured as long as it continues to meet the conditions for equity classification. The resulting debt discount of \$48.9 million is amortized to interest expense using the effective interest method with an effective interest rate of

6.3% over the period from the issuance date through the contractual maturity date of August 1, 2025. The Company utilizes the treasury stock method to calculate the effects of the 2025 Notes on diluted earnings per share.

Issuance costs totaling \$7.3 million were allocated pro rata based on the relative fair values of the liability and equity components. Issuance costs of \$5.7 million attributable to the liability component were recorded as a direct deduction from the carrying value of the 2025 Notes and are amortized to interest expense using the effective interest method over the term of the 2025 Notes. Issuance costs of \$1.6 million attributable to the equity component were recorded as a charge to additional paid-in capital within stockholders' equity, partially offset by the associated deferred tax effect of \$0.4 million.

In November and December 2021, the Company repurchased a portion of the outstanding 2025 Notes through individual, privately negotiated transactions (the "2025 Notes Partial Repurchase"), leaving 2025 Notes with aggregate principal amount of \$23.3 million outstanding as of December 31, 2021. The Company used \$311.5 million of the net proceeds from the 2026 Notes issuance in November 2021, 1,640,152 shares of the Company's common stock, and \$44.0 million of additional cash in December 2021 to complete the 2025 Notes Partial Repurchase, of which a total of \$197.4 million and \$400.5 million were allocated to the liability and equity components of the 2025 Notes, respectively, and \$0.7 million was related to the payment of interest. The amount allocated to equity was partially offset by the associated deferred tax effect of \$2.0 million. The consideration allocated to the liability component was based on the fair value of the liability component utilizing an effective discount rate of approximately 3.5%. This rate was based on the Company's estimated rate for a similar liability with the same maturity, but without the conversion option. The consideration allocated to the equity component was calculated by deducting the fair value of the liability component from the aggregate consideration, excluding interest. The Company subsequently compared the allocated consideration with the carrying value of the liability component to record a loss on extinguishment of \$21.9 million, which includes the proportionate amounts of unamortized debt discount and the remaining unamortized debt issuance costs of \$3.8 million. A \$6.8 million inducement charge representing the difference between the fair value of the consideration delivered to the holders of the repurchased 2025 Notes and the fair value of the consideration issuable under the original conversion terms is included in "Loss on extinguishment of debt" in the accompanying Consolidated Statements of Operations.

Convertible Senior Notes due 2023

On September 11, 2018, the Company issued \$143.8 million aggregate principal amount of 2.375% Convertible Senior Notes Due 2023 (the "2023 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 net proceeds from the offerings, after deducting the initial purchasers' discount and issuance costs of \$4.4 million, were \$139.4 million.

In August and December 2020, the Company repurchased a portion of the outstanding 2023 Notes through individual, privately negotiated transactions (the "2023 Notes Partial Repurchase"), leaving 2023 Notes with aggregate principal amount of \$5.1 million outstanding as of December 31, 2020. The Company used \$172.0 million of the net proceeds from the 2025 Notes issuance in August 2020 and \$9.7 million of additional cash in December 2020 to complete the 2023 Notes Partial Repurchase, of which a total of \$127.7 million and \$52.7 million were allocated to the liability and equity components of the 2023 Notes, respectively, and \$1.3 million was related to the payment of interest. The cash consideration allocated to the liability component was based on the fair value of the liability component utilizing an effective discount rate of approximately 5.0%. This rate was based on the Company's estimated rate for a similar liability with the same maturity, but without the conversion option. The cash consideration allocated to the equity component was calculated by deducting the fair value of the liability component and interest payment from the aggregate cash consideration. The \$4.5 million loss on extinguishment was subsequently determined by comparing the allocated cash consideration with the carrying value of the liability component, which includes the proportionate amounts of unamortized debt discount and the remaining unamortized debt issuance costs of \$2.4 million.

In August 2021, the Company repurchased the remainder of the outstanding 2023 Notes through individual, privately negotiated transactions (the "Final 2023 Notes Repurchase"). The Company used \$13.9 million of cash to complete the Final 2023 Notes Repurchase, of which \$4.9 million and \$9.0 million were allocated to the liability and equity components of the 2023 Notes, respectively. The amount allocated to equity was partially offset by the associated deferred tax effect of \$0.4 million. The Final 2023 Notes Repurchase resulted in a \$0.3 million loss on extinguishment during the twelve months ended December 31, 2021, which includes the proportionate amounts of unamortized debt discount and the remaining unamortized debt issuance costs of \$0.1 million.

The 2023 Notes bore interest at a rate of 2.375% per year. Interest was payable in cash on March 15 and September 15 of each year. The 2023 Notes were scheduled to mature on September 15, 2023, unless earlier converted, redeemed or repurchased in accordance with their terms prior to such date. The initial conversion rate was 26.5957 shares of the Company's common stock per \$1,000 principal amount of 2023 Notes, which was equivalent to an initial conversion price of approximately \$37.60 per share of common stock. After consideration of the 2023 Notes Hedges (as defined below) and 2023 Notes Warrants

(as defined below), the conversion rate was effectively hedged to a price of \$46.62 per share of common stock. The conversion rate, and thus the conversion price, could have been adjusted under certain circumstances as described in the indenture governing the 2023 Notes (the “2023 Indenture”). The Company could have settled 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 2023 Indenture) had occurred, then the Company would have in certain circumstances increased the conversion rate for a specified period of time.

Other Terms of the Notes

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

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

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

During the year ended December 31, 2021, the conditional conversion features of the 2025 Notes were triggered as the last reported sale price of the Company’s common stock was greater than or equal to 130% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on December 31, 2021 (the last trading day of the fiscal quarter). Therefore, the 2025 Notes are currently convertible, in whole or in part, at the option of the holder during the quarter ending March 31, 2022. Whether the 2025 Notes will be convertible following such period will depend on the continued satisfaction of this condition or another conversion condition in the future. Since the Company has the election of repaying the 2025 Notes in cash, shares of the Company’s common stock, or a combination of both, the Company continued to classify the liability component of the 2025 Notes as long-term debt on the Consolidated Balance Sheet as of December 31, 2021. As of the date of this filing, none of the holders of the 2025 Notes have submitted requests for conversion. As of December 31, 2021, none of the conditions permitting holders to convert their 2026 Notes had been satisfied and no shares of the Company’s common stock had been issued in connection with any conversions of the 2026 Notes. Based on the closing price of the Company’s common stock of \$129.29 per share on December 31, 2021, 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 liability components of the 2023 Notes, 2025 Notes, and 2026 Notes consisted of the following (in thousands):

Liability component:	December 31, 2021		
	2026 Notes	2025 Notes	2023 Notes
Principal	\$ 380,000	\$ 23,293	\$ —
Less: Unamortized debt discount	(64,413)	(3,724)	—
Unamortized debt issuance costs	(8,613)	(417)	—
Net carrying amount	<u>\$ 306,974</u>	<u>\$ 19,152</u>	<u>\$ —</u>

	December 31, 2020		
	2026 Notes	2025 Notes	2023 Notes
Liability component:			
Principal	\$ —	\$ 230,000	\$ 5,090
Less: Unamortized debt discount	—	(45,690)	(426)
Unamortized debt issuance costs	—	(5,271)	(79)
Net carrying amount	<u>\$ —</u>	<u>\$ 179,039</u>	<u>\$ 4,585</u>

Interest expense for the years ended December 31, 2021, 2020 and 2019 related to the Notes consisted of the following (in thousands):

2026 Notes

	Year Ended December 31,		
	2021	2020	2019
Coupon interest	\$ 69	\$ —	\$ —
Amortization of debt discount	1,738	—	—
Amortization of debt issuance costs	260	—	—
Total interest expense recognized	<u>\$ 2,067</u>	<u>\$ —</u>	<u>\$ —</u>

2025 Notes

	Year Ended December 31,		
	2021	2020	2019
Coupon interest	\$ 2,521	\$ 1,094	\$ —
Amortization of debt discount	7,780	3,254	—
Amortization of debt issuance costs	1,008	438	—
Total interest expense recognized	<u>\$ 11,309</u>	<u>\$ 4,786</u>	<u>\$ —</u>

2023 Notes

	Year Ended December 31,		
	2021	2020	2019
Coupon interest	\$ 75	\$ 2,200	\$ 3,414
Amortization of debt discount	91	2,561	3,773
Amortization of debt issuance costs	18	533	824
Total interest expense recognized	<u>\$ 184</u>	<u>\$ 5,294</u>	<u>\$ 8,011</u>

Convertible Notes Hedges

In connection with the issuance of the 2026 Notes, 2025 Notes, and 2023 Notes, the Company entered into privately negotiated convertible note hedge transactions (the “2026 Notes Hedges”, the “2025 Notes Hedges”, and the “2023 Notes Hedges,” respectively, and together, the “Notes Hedges”) with certain of the initial purchasers or their respective affiliates and/or other financial institutions (the “Option Counterparties”). The 2026 Notes Hedges provide the Company with the option to acquire, on a net settlement basis, approximately 2.0 million shares of common stock at a strike price of \$191.94, which is equal to the number of shares of common stock that notionally underlie the 2026 Notes and correspond to the conversion price of the 2026 Notes. The 2025 Notes Hedges provide the Company with the option to acquire, on a net settlement basis, approximately 4.5 million shares of common stock at a strike price of \$51.67, which is equal to the number of shares of common stock that notionally underlie the 2025 Notes and correspond to the conversion price of the 2025 Notes. If the Company elects cash settlement and exercises the Notes Hedges, the aggregate amount of cash received from the Option Counterparties will cover the aggregate amount of cash that the Company would be required to pay to the holders of the Notes, less the principal amount thereof. The Notes Hedges do not meet the criteria for separate accounting as a derivative as they are indexed to the Company’s stock and are accounted for as freestanding financial instruments. Upon initial purchase, the 2025 Notes Hedges and 2026 Notes Hedges were recorded as a reduction in additional paid-in capital within stockholders’ equity of \$48.9 million and \$66.1 million, respectively, partially offset by the deferred tax effect of \$12.6 million and \$16.8 million, respectively. In August and

November 2020, in connection with the 2023 Notes Partial Repurchase, the Company terminated 2023 Notes Hedges corresponding to approximately 3.7 million shares for cash proceeds of \$50.1 million. The proceeds were recorded as an increase to additional paid-in capital within stockholders' equity. In August 2021, in connection with the Final 2023 Notes Repurchase, the Company terminated the remainder of the 2023 Notes Hedges corresponding to approximately 0.1 million shares for cash proceeds of \$6.1 million. The proceeds were recorded as an increase to additional paid-in capital within stockholders' equity. In November and December 2021, in connection with the 2025 Notes Partial Repurchase, the Company partially repurchased 2025 Notes Hedges corresponding to approximately 4.0 million shares for cash proceeds of \$375.2 million. The proceeds were recorded as an increase to additional paid-in capital within stockholders' equity.

Convertible Notes Warrants

In connection with the issuance of the 2026 Notes, 2025 Notes, and 2023 Notes, the Company also sold net-share-settled warrants (the "2026 Notes Warrants", the "2025 Notes Warrants", and the "2023 Notes Warrants," respectively, and together, the "Notes Warrants") in privately negotiated transactions with the Option Counterparties. The strike price of the 2026 Notes Warrants, 2025 Notes Warrants, and 2023 Notes Warrants was approximately \$295.29, \$81.05, and \$46.62 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, 2025 Notes Warrants, and 2023 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, \$81.05 for the 2025 Notes Warrants, and \$46.62 for the 2023 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. Upon initial sale, the 2025 Notes Warrants and the 2026 Notes Warrants were recorded as an increase in additional paid-in capital within stockholders' equity of \$22.2 million and \$23.4 million, respectively. In August and November 2020, in connection with the 2023 Notes Partial Repurchase, the Company repurchased a portion of the 2023 Notes Warrants through a cash payment of \$43.0 million. In August 2021, in connection with the Final 2023 Notes Repurchase, the Company repurchased the remainder of the 2023 Notes Warrants through a cash payment of \$5.0 million. In November and December 2021, in connection with the 2025 Notes Partial Repurchase, the Company partially repurchased 2025 Notes Warrants through cash payments of \$298.9 million. The repurchases were recorded as reductions to additional paid-in capital within stockholders' equity.

13. Income Taxes

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

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	\$ 16,006	\$ 6,010	\$ 5,000
State	2,767	2,433	2,724
Foreign	4,281	3,293	1,051
Total current	23,054	11,736	8,775
Deferred:			
Federal	(8,285)	574	1,570
State	(2,425)	171	467
Foreign	(1,952)	(2,333)	4
Total deferred	(12,662)	(1,588)	2,041
Total provision for income taxes	\$ 10,392	\$ 10,148	\$ 10,816

The components of pretax income for the years ended December 31, 2021, 2020 and 2019 are as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Domestic	\$ 56,299	\$ 36,747	\$ 43,330
Foreign	6,184	3,582	4,611
Total	\$ 62,483	\$ 40,329	\$ 47,941

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes as of December 31, 2021 and 2020 are as follows (in thousands):

	December 31,	
	2021	2020
Deferred tax assets:		
Accrued liabilities	\$ 7,044	\$ 1,473
Operating lease liabilities	6,365	7,195
Allowance for Doubtful Accounts	605	273
Foreign exchange adjustment	1,257	—
Net operating losses	118	203
Deferred compensation liability	1,786	2,511
Interest limitation	8,107	—
Intangible assets	—	1,844
Total deferred tax assets	25,282	13,499
Deferred tax liabilities:		
Prepaid expenses	1,081	1,216
Foreign exchange adjustments	—	1,828
Operating lease right-of-use assets	5,812	6,909
Goodwill and intangible assets	28,534	23,027
Fixed assets	1,614	1,430
Total deferred tax liabilities	37,041	34,410
Net deferred tax liability	\$ 11,759	\$ 20,911

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

As of December 31, 2021, the Company had U.S. federal tax gross net operating loss carry forwards of approximately \$0.5 million that will begin to expire in 2023 if not utilized. Utilization of net operating losses may be subject to an annual limitation due to the "change in ownership" provisions of the Code. The annual limitation may result in the expiration of net operating losses before utilization.

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

	Year Ended December 31,					
	2021		2020		2019	
Federal statutory rate	21.0	%	21.0	%	21.0	%
State taxes, net of federal benefit	3.2		5.2		4.3	
Effect of foreign operations	1.7		0.5		0.2	
Stock compensation	(5.2)		(0.3)		(1.0)	
Non-deductible acquisition costs	1.0		3.1		0.2	
Research and development tax credit	(4.8)		(3.9)		(1.8)	
Other	(0.3)		(0.4)		(0.3)	
Effective tax rate	16.6	%	25.2	%	22.6	%

The effective income tax rate decreased to 16.6% for the year ended December 31, 2021 from 25.2% for the year ended December 31, 2020 primarily due to an increase in stock compensation deductions and a decrease in non-deductible transaction costs compared to the prior year.

The undistributed earnings of our foreign subsidiaries are indefinitely reinvested, except in certain designated jurisdictions. We have not recognized a deferred tax liability on the undistributed earnings that are considered indefinitely reinvested. If these earnings were distributed, we would be subject to non-U.S. withholding taxes. As of December 31, 2021, undistributed earnings of approximately \$19.5 million were indefinitely reinvested in foreign operations and the unrecognized deferred tax liability on these undistributed earnings was approximately \$1.3 million.

As of December 31, 2021, the Company had \$17.0 million of gross unrecognized tax benefits, which would have had a \$12.2 million impact on the effective rate, if recognized. As of December 31, 2020, the Company had \$7.1 million of gross unrecognized tax benefits, all of which have an impact on the effective rate, if recognized.

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

	December 31,	
	2021	2020
Balance at beginning of year	\$ 7,084	\$ 4,665
Additions based on tax positions related to current year	6,934	1,102
Additions based on tax positions related to prior years	2,970	1,317
Balance at end of year	\$ 16,988	\$ 7,084

We recognize interest and penalty expense related to unrecognized tax positions as a component of the income tax provision. For the years ended December 31, 2021 and 2020, we recognized interest expense of approximately \$0.4 million and \$0.3 million, respectively. As of December 31, 2021 and 2020, interest and penalties accrued were \$2.1 million and \$0.9 million, respectively.

The Company's 2016-2019 U.S. income tax returns are currently under examination by the IRS. The IRS has sought to disallow research credits of \$5.7 million on the Company's 2011 through 2015 U.S. income tax returns. The Company has exhausted all administrative appeals and formal mediation and has filed suit to resolve this dispute. The Company is awaiting a court date to be set by the U.S. Tax Court for the 2011 through 2013 returns. The Company believes the research credits taken are appropriate and intends to vigorously defend its position. An amount of adjustment, if any, and the timing of such adjustment are not reasonably possible to estimate at this time. The total amount of research credits taken or expected to be taken in the Company's income tax returns for 2011 through 2021 is \$26.9 million.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Our federal tax return for tax years 2016 and later remain subject to examination by the IRS. Our state and foreign income tax returns for the tax years 2011 and later remain subject to examination by various state and foreign tax authorities.

14. Derivatives

In the normal course of business, the Company uses derivative financial instruments to manage foreign currency exchange rate risk. Currency exposure is monitored and managed by the Company as part of its risk management program

which seeks to reduce the potentially adverse effects that market volatility could have on operating results. The Company's derivative financial instruments consist of non-deliverable foreign currency forward contracts. Derivative financial instruments are neither held nor issued by the Company for trading purposes.

Derivatives Not Designated as Hedging Instruments

Both the gain or loss on the derivatives not designated as hedging instruments and the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Realized gains or losses and changes in the estimated fair value of foreign currency forward contracts that have not been designated as hedges were a net loss of \$1.2 million during the year ended December 31, 2021, a net gain of \$0.7 million during the year ended December 31, 2020, and were immaterial during the year ended December 31, 2019. Gains and losses on these contracts are recorded in net other expense (income) and net interest expense in the Consolidated Statements of Operations and are offset by losses and gains on the related hedged items.

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

	December 31,	
	2021	2020
Derivatives not designated as hedges		
Foreign exchange contracts	\$ 24,223	\$ 16,008
Total derivatives not designated as hedges	\$ 24,223	\$ 16,008

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

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

15. Fair Value Measurements

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

The fair value hierarchy consists of the following three levels:

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

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

All highly liquid investments with maturities at date of purchase of three months or less are considered to be cash equivalents. Based on their short-term nature, the carrying value of cash equivalents approximate their fair value. As of December 31, 2021 and December 31, 2020, \$12.1 million and \$66.0 million, respectively of the Company's cash and cash equivalents 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 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. Refer to Note 11, *Employee Benefit Plans*, for the fair value of the COLI asset as of December 31, 2021 and 2020.

The Company estimates the fair value of each foreign exchange forward contract by using the present value of expected cash flows. The estimate takes into account the difference between the current market forward price and contracted forward price for each foreign exchange contract and applies the difference in the rates to each outstanding contract. Valuations for all derivatives fall within Level 2 of the GAAP valuation hierarchy. The fair value of the Company’s derivative instruments outstanding as of December 31, 2021 and 2020 was immaterial.

The Company has contingent consideration liabilities related to acquisitions which are measured on a recurring basis and recorded at fair value, determined using the discounted cash flow method. The inputs used to calculate the fair value of the contingent consideration liabilities are considered to be Level 3 inputs due to the lack of relevant market activity and significant management judgment. For acquisitions during the year ended December 31, 2021, key unobservable inputs included revenue growth rates, which ranged from 36% to 76%, and volatility rates, which ranged from 5% to 6% for revenue and were 17% for earnings. For acquisitions during the year ended December 31, 2020, key observable inputs included revenue growth rates, which ranged from 5% to 15%, and volatility rates, which ranged from 4% to 5% for revenue and 19% to 37% for earnings. An increase in future revenue and earnings may result in a higher estimated fair value while a decrease in future revenue and earnings may result in a lower estimated fair value of the contingent consideration liabilities. Remeasurements to fair value are recorded in adjustment to fair value of contingent consideration in the Consolidated Statements of Operations. Refer to Note 7, *Balance Sheet Components*, for the estimated fair value of the contingent consideration liabilities as of December 31, 2021 and 2020.

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 debt discount and issuance costs, and are not carried at fair value at each period end. The original debt discount was calculated at a market interest rate for nonconvertible debt at the time of issuance, which represented a Level 3 fair value measurement based on inputs that ranged from 5.2% to 7.9% for the 2025 Notes and 3.8% to 4.0% for the 2026 Notes. The approximate fair value of the 2026 Notes as of December 31, 2021 was \$363.6 million. The approximate fair value of the 2025 Notes as of December 31, 2021 and 2020 was \$59.6 million and \$263.4 million, respectively. As of December 31, 2021, the 2023 Notes have been fully repurchased. The approximate fair value of the 2023 Notes as of December 31, 2020 was \$7.1 million. The fair values were estimated on the basis of inputs that are observable in the market and are considered a Level 2 fair value measurement.

16. Leases

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

The following discussion relates to the Company’s lease accounting policy, effective January 1, 2019, under ASC Topic 842.

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

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

	December 31, 2021	December 31, 2020
Other current liabilities	\$ 11,543	\$ 10,321
Operating lease liabilities	23,898	29,098
Total	\$ 35,441	\$ 39,419

Future minimum lease payments under non-cancellable leases as of December 31, 2021 were as follows (in thousands):

	December 31, 2021
2022	\$ 10,384
2023	8,831
2024	6,784
2025	5,247
2026	2,770
Thereafter	4,103
Total future lease payments	38,119
Less implied interest	(2,678)
Total	\$ 35,441

Operating lease expense for the years ended December 31, 2021, 2020, and 2019 was \$13.0 million, \$12.2 million, and \$9.9 million respectively, of which \$1.3 million, \$1.5 million, and \$1.3 million related to variable lease payments. Short term lease payments were immaterial for the years ended December 31, 2021, 2020 and 2019. Operating cash flows for amounts included in the measurement of the Company's operating lease liabilities for the years ended December 31, 2021, 2020 and 2019 were \$10.3 million, \$10.8 million, and \$8.3 million respectively. ROU assets obtained in exchange for lease liabilities during the years ended December 31, 2021, 2020, and 2019 were \$5.4 million, \$20.1 million, and \$12.7 million respectively. The weighted average remaining lease term of the Company's operating leases as of December 31, 2021, 2020 and 2019 was 4 years, 5 years, and 4 years, respectively, and the weighted average incremental borrowing rate as of December 31, 2021, 2020 and 2019 was 3.3%, 3.5%, and 4.6%, respectively.

17. Commitments and Contingencies

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

18. Quarterly Financial Results (Unaudited)

The following tables set forth certain unaudited supplemental quarterly financial information for the years ended December 31, 2021 and 2020. The quarterly operating results are not necessarily indicative of future results of operations (in thousands except per share data).

	Three Months Ended,			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
	(Unaudited)			
Total revenues	\$ 169,341	\$ 184,136	\$ 192,820	\$ 214,730
Total cost of revenues	106,062	113,180	118,260	131,311
Income from operations	20,206	26,094	28,014	31,618
Income (loss) before income taxes	16,788	22,718	24,180	(1,203)
Net income	13,593	16,573	17,396	4,529
Basic net income per share	0.43	0.52	0.54	0.14
Diluted net income per share	0.41	0.49	0.48	0.13

	Three Months Ended,			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
	(Unaudited)			
Total revenues	\$ 145,562	\$ 146,339	\$ 157,678	\$ 162,554
Total cost of revenues	93,217	91,155	96,704	99,647
Income from operations	12,436	11,739	15,665	15,414
Income before income taxes	10,503	9,693	8,529	11,604
Net income	8,974	6,609	6,177	8,421
Basic net income per share	0.28	0.21	0.19	0.27
Diluted net income per share	0.27	0.20	0.19	0.26

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

We have audited the accompanying consolidated balance sheets of Perficient, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired substantially all of the assets of Talos LLC and Talos Digital LLC and a wholly-owned subsidiary of the Company acquired all of the capital stock of Talos Digital SAS and TCOMM SAS (collectively, Talos) in September 2021 and all of the capital stock of Izmul S.A. and its subsidiaries (Overactive) in October 2021 (the acquired businesses), and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, the acquired businesses' internal control over financial reporting associated with 2% of total assets excluding goodwill and other intangible assets and 2% of total revenues included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the acquired businesses.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matters

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

As discussed in Note 12 to the consolidated financial statements, in November 2021, the Company completed a private placement offering of \$380.0 million 0.125% convertible senior notes (the 2026 notes). In connection with the issuance of the 2026 notes, the Company entered into convertible note hedge transactions and also sold net-share-settled warrants (the concurrent transaction). The Company used \$311.5 million of the net proceeds from the issuance of the 2026 notes and 1,640,152 shares of the Company's common stock to repurchase a majority of the previously outstanding 1.250% convertible senior notes (the 2025 notes) in November 2021 and \$44.0 million of cash to repurchase additional 2025 notes in December 2021. The Company recorded \$28.7 million of expense in the statement of operations for the year ended December 31, 2021, related to the repurchases of the 2025 notes.

We identified the evaluation of the accounting for the 2026 notes, the concurrent transaction, and the November 2021 repurchase of the 2025 notes and the valuation of the liability components of the 2026 notes and 2025 notes repurchase in November 2021 as a critical audit matter. The 2026 notes, the concurrent transaction, and the November 2021 repurchase of the 2025 notes required complex auditor judgment, and specialized skills and knowledge, to evaluate the appropriate accounting guidance. In addition, evaluating the fair value of the liability components of the 2026 notes upon issuance and the 2025 notes upon repurchase in November 2021 required a high degree of auditor judgment, and specialized skills and knowledge, to assess the interest rate that would be available to the Company for similar non-convertible debt instruments.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to this critical audit matter. This included controls related to the Company's evaluation of the appropriate accounting guidance and the valuation of the liability components of these transactions. We read the 2026 notes agreements, the agreements supporting the concurrent transaction, and the agreements supporting the repurchase of the 2025 notes in November 2021. We involved professionals with specialized skills and knowledge, who assisted us in:

- evaluating the Company's accounting for the 2026 notes, the concurrent transaction, and the repurchase of the 2025 notes in November 2021
- reviewing key terms and features in the agreements.

Additionally, we involved valuation professionals with specialized skills and knowledge who assisted us in:

- evaluating the Company's determination of the comparable market non-convertible debt borrowing rate for the 2026 notes and 2025 notes by assessing the methodology used by the third-party specialist engaged by the Company
- independently performing an analysis using publicly available market data for a similar non-convertible debt instrument and comparing the independent analysis to management's chosen interest rates.

Fair value of the customer relationships intangible asset and contingent consideration liability related to the acquisition of Overactive

As discussed in Notes 2 and 9 to the consolidated financial statements, the Company makes certain assumptions and judgments in determining fair value measurements for business acquisitions. During the year ended December 31, 2021, the Company consummated two business acquisitions. These acquisitions resulted in the recognition of customer relationships intangible assets of \$39.0 million and contingent consideration liabilities of \$21.6 million.

We identified the evaluation of the fair values of the customer relationships intangible asset and contingent consideration liability related to the Overactive acquisition as a critical audit matter. Evaluating the fair values involved a high degree of subjective auditor judgment related to the use of certain assumptions in the specific valuation models. The key assumptions used within the valuation models included forecasts of projected revenues, customer attrition rates, and volatility rates. In addition, changes in these assumptions could have a significant impact on the fair value of the customer relationships intangible asset or contingent consideration liability in the Overactive acquisition.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's fair value measurement process for the Overactive acquisition, including controls related to the determination of the key assumptions. We evaluated the forecasts of projected revenues and customer attrition rates used by the Company by comparing the assumptions to the acquiree's historical performance and to the growth rates of peer companies. We compared the forecasts of projected revenues to industry data. We also involved valuation professionals with specialized skills and knowledge, who assisted us in:

- evaluating customer attrition rates used by the Company to value the customer relationships intangible asset compared to historical customer attrition rates as well as qualitative factors such as the acquiree's industry and customer base
- evaluating the reasonableness of the comparable companies used by the Company to measure the volatility rates used in the determination of the fair value of the contingent consideration liability
- independently developing volatility rates based on publicly available market data and comparing the results to the rates used by the Company.

/s/ KPMG LLP

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

St. Louis, Missouri
February 24, 2022

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

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

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2021.

The Company acquired Talos in September 2021, and Overactive in October 2021 (the "Acquired Businesses"). Management excluded the Acquired Businesses from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. The Acquired Businesses represented 2% of the Company's total assets excluding goodwill and other intangible assets and 2% of the Company's total revenues, as of and for the year ended December 31, 2021.

KPMG LLP, our independent registered public accounting firm, has audited our consolidated financial statements as of and for the year ended December 31, 2021 included in this Annual Report on Form 10-K, and has issued its report on the effectiveness of internal control over financial reporting as of December 31, 2021, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no significant changes in the Company's internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the year ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The Company's transition to primarily working remotely as a result of the COVID-19 pandemic has not resulted in a material impact to the Company's internal controls over financial reporting.

Item 9B. Other Information.

None.

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

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers

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

Name	Age	Position
Jeffrey S. Davis	57	Chairman of the Board and Chief Executive Officer
Thomas J. Hogan	45	President and Chief Operating Officer
Paul E. Martin	61	Chief Financial Officer, Treasurer and Assistant Secretary

Jeffrey S. Davis became the Chief Executive Officer and a member of the Board in 2009 and was elected Chairman of the Board in 2017. He previously served as the Chief Operating Officer of the Company following its acquisition of Vertecon in April 2002 and was named the Company's President in 2004, in which capacity he served until February 2021. He served as Chief Operating Officer at Vertecon from October 1999 until its acquisition by the Company. Before Vertecon, Mr. Davis was a Senior Manager and member of the leadership team in Arthur Andersen's Business Consulting Practice, where he was responsible for defining and managing internal processes, while managing business development and delivery of all products, services and solutions to a number of large accounts. Mr. Davis also served in a leadership position at Ernst & Young LLP in the Management Consulting practice and in industry at Boeing, Inc. and Mallinckrodt, Inc. Mr. Davis currently serves as a member of the board of directors of St. Luke's Hospital in St. Louis, Missouri. Mr. Davis is an active volunteer member of the board of directors of the Cystic Fibrosis Foundation of St. Louis, Missouri and a member of the University of Missouri Trulaske College of Business advisory board. Mr. Davis has a M.B.A. from Washington University and a B.S. degree in Electrical Engineering from the University of Missouri.

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

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

Additional information with respect to Directors and Executive Officers of the Company is incorporated by reference to the Company's proxy statement to be used in connection with the 2022 Annual Meeting of Stockholders (the "Proxy Statement") under the captions "Directors and Executive Officers," and "Composition and Meetings of the Board of Directors and Committees." The Proxy Statement will be filed pursuant to Regulation 14A within 120 days of the end of the Company's fiscal year.

Codes of Conduct and Ethics

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

The Company has adopted a Corporate Code of Business Conduct and Ethics that applies to all employees and directors of the Company while acting on the Company's behalf and has adopted a Financial Code of Ethics applicable to the chief executive officer, the chief financial officer, and other senior financial officials. These policies are available on the

Company's website at www.perficient.com. Any amendment to, or waiver of, the Financial Code of Ethics will be disclosed by the Company on its website at www.perficient.com.

Audit Committee of the Board of Directors

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

Item 11. Executive Compensation.

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

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

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

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

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

Item 14. Principal Accounting Fees and Services.

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

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

PART IV

Item 15. Exhibits, Financial Statement Schedules.

1. Financial Statements

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

Index	Page
Consolidated Balance Sheets	32
Consolidated Statements of Operations	33
Consolidated Statements of Comprehensive Income	34
Consolidated Statements of Changes in Stockholders' Equity	35
Consolidated Statements of Cash Flows	37
Notes to Consolidated Financial Statements	38
Report of Independent Registered Public Accounting Firm	65

2. Financial Statement Schedules

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

3. Exhibits

See Index to Exhibits.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Asset Purchase Agreement , dated as of December 18, 2014, by and among Perficient, Inc., Zeon Solutions Incorporated, Grand River Interactive LLC and Rupesh Agrawal, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed on December 19, 2014 and incorporated herein by reference
2.2	Stock Purchase Agreement dated as of June 17, 2020, by and among Perficient, Inc., Perficient UK Limited, Productora de Software S.A.S., each of the Shareholders and the Representative, previously with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on July 30, 2020 and incorporated herein by reference
2.3*	Stock Purchase Agreement dated as of October 15, 2021, by and among Perficient, Inc., Perficient UK Limited, Izmul S.A., each of the Shareholders of Izmul S.A. and the Representative
3.1	Certificate of Incorporation of Perficient, Inc. , previously filed with the Securities and Exchange Commission as an Exhibit to our Registration Statement on Form SB-2 (File No. 333-78337) declared effective on July 28, 1999 by the Securities and Exchange Commission and incorporated herein by reference
3.2	Certificate of Amendment to Certificate of Incorporation of Perficient, Inc. , previously filed with the Securities and Exchange Commission as an Exhibit to our Form 8-A filed with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 on February 15, 2005 and incorporated herein by reference
3.3	Certificate of Amendment to Certificate of Incorporation of Perficient, Inc. , previously filed with the Securities and Exchange Commission as an Exhibit to our Registration Statement on Form S-8 (File No. 333-130624) filed on December 22, 2005 and incorporated herein by reference
3.4	Certificate of Amendment to 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 on August 3, 2017 and incorporated herein by reference
3.5	Amended and Restated Bylaws of Perficient, Inc. , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2012 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 filed on May 7, 2009 and incorporated herein by reference
4.2	Description of Securities , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference
4.3	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 filed August 18, 2020 and incorporated herein by reference
4.4	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
4.5	Indenture, dated November 9, 2021 , between Perficient, Inc. and U.S. Bank National Association, as trustee, relating to the Company's 0.125% Convertible Senior Notes due 2026, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed November 9, 2021 and incorporated herein by reference
4.6	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†	Perficient, Inc. Employee Stock Purchase Plan , previously filed with the Securities and Exchange Commission as Appendix A to our Schedule 14A filed on October 13, 2005 and incorporated herein by reference
10.2†	Amended and Restated Perficient, Inc. 2012 Long-Term Incentive Plan , previously filed with the Securities and Exchange Commission as Appendix A to our Schedule 14A filed on April 14, 2014 and incorporated herein by reference
10.3†	Second Amended and Restated Perficient, Inc. 2012 Long-Term Incentive Plan , previously filed with the Securities and Exchange Commission as Appendix A to our Schedule 14A filed on April 28, 2017 and incorporated herein by reference
10.4†	Form of Restricted Stock Award Agreement (Non-Employee Director Award) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on July 31, 2014 and incorporated herein by reference

10.5†	Form of Restricted Stock Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on July 31, 2014 and incorporated herein by reference
10.6†	Form of Restricted Stock Unit Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on July 31, 2014 and incorporated herein by reference
10.7†	Third Amended and Restated Employment Agreement with Chief Executive Officer of Perficient, Inc. , effective as of January 1, 2021, previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on October 29, 2020 and incorporated herein by reference
10.8†	Fourth Amended and Restated Employment Agreement with Chief Executive Officer of Perficient, Inc. , effective as of February 23, 2021, previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2020 filed February 25, 2021 and incorporated herein by reference
10.9†	Third Amended and Restated Employment Agreement with Chief Financial Officer of Perficient, Inc. , effective as of January 1, 2021, previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on October 29, 2020 and incorporated herein by reference
10.10†	Second Amended and Restated Employment Agreement with Chief Operating Officer of Perficient, Inc. , effective as of February 23, 2021, previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2020 filed February 25, 2021 and incorporated herein by reference
10.11	Amended and Restated Credit Agreement , dated as of May 7, 2021, by and among Perficient, Inc., as Borrower, Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing lender, Bank of America, N.A. and U.S. Bank National Association, as syndication agents, JPMorgan Chase Bank, N.A., as documentation agent, Wells Fargo Securities, LLC, BofA Securities, Inc. and U.S. Bank National Association as joint lead arrangers and joint bookrunners and the other lenders parties thereto, previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed May 7, 2021 and incorporated herein by reference
10.12†	Form of Restricted Stock Award Agreement (Non-Employee Director Award) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference
10.13†	Form of Restricted Stock Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference
10.14†	Form of Restricted Stock Unit Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Quarterly Report on Form 10-Q filed on November 2, 2017 and incorporated herein by reference
10.15†	Form of Restricted Stock Award Agreement (Non-Employee Director Award) , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference
10.16†	Form of Restricted Stock Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference
10.17†	Form of Restricted Stock Unit Award and Non-Competition Agreement (Employee Grant) , previously filed with the Securities and Exchange Commission as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference
10.18	Form of Convertible Note Hedge Transaction Confirmation , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference
10.19	Form of Warrant Transaction Confirmation , previously filed with the Securities and Exchange Commission as an Exhibit to our Current Report on Form 8-K filed August 18, 2020 and incorporated herein by reference
10.20	Form of Convertible Note Hedge Transaction Confirmation , 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
10.21	Form of Warrant Transaction Confirmation , 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
10.22	Form of Exchange Agreement , 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
21.1*	Subsidiaries
23.1*	Consent of KPMG LLP

24.1*	Power of Attorney (included on the signature page hereto)
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 Annual Report on Form 10-K for the year ended December 31, 2021, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2021 and 2020, (ii) Consolidated Statements of Operations for the years ended December 31, 2021, 2020, and 2019, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020, and 2019, (iv) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2021, 2020, and 2019, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020, and 2019, and (vi) the Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

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

* Filed herewith.

SIGNATURES

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

PERFICIENT, INC.

Date: February 24, 2022

By: /s/ Paul E. Martin

Paul E. Martin

Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)

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

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

Signature	Title	Date
<u>/s/ Jeffrey S. Davis</u> Jeffrey S. Davis	Chairman of the Board and Chief Executive Officer (<i>Principal Executive Officer</i>)	February 24, 2022
<u>/s/ Paul E. Martin</u> Paul E. Martin	Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	February 24, 2022
<u>/s/ Ralph C. Derrickson</u> Ralph C. Derrickson	Director	February 24, 2022
<u>/s/ David S. Lundeen</u> David S. Lundeen	Director	February 24, 2022
<u>/s/ Brian L. Matthews</u> Brian L. Matthews	Director	February 24, 2022
<u>/s/ Nancy C. Pechloff</u> Nancy C. Pechloff	Director	February 24, 2022
<u>/s/ Gary M. Wimberly</u> Gary M. Wimberly	Director	February 24, 2022

STOCK PURCHASE AGREEMENT

By and Among

PERFICIENT, INC.,

PERFICIENT UK LIMITED,

IZMUL S.A.,

Each of the SHAREHOLDERS

and

MARTÍN TROISI FERRÁN, as the REPRESENTATIVE

Dated as of October 15, 2021

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EXHIBIT LIST

EXHIBIT A Form of Escrow Agreement

EXHIBIT B Form of Restrictive Agreements

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the “**Agreement**”) dated as of October 15, 2021, is entered into by and among (a) Perficient, Inc., a corporation organized under the laws of the State of Delaware (“**Parent**”), (b) Perficient UK Limited, a company organized under the laws of England and Wales, identified with company number 07238536 (“**Buyer**”), (c) Izmul S.A., a sociedad anónima organized under the laws of Uruguay, identified with RUT number 217214890012 (the “**Company**”), (d) each of the Shareholders (as defined below) set forth on the signature pages hereto, and (e) Martín Troisi Ferrán, of legal age, identified with Uruguayan identification number 2.896.279-1, in his capacity as Representative (the “**Representative**”).

WHEREAS, the Shareholders own all of the issued and outstanding Company Shares (as defined below), free and clear of any and all Encumbrances;

WHEREAS, Buyer desires to purchase from the Shareholders, and the Shareholders desire to sell to Buyer all of the Company Shares on the terms and conditions set forth herein (the “**Acquisition**”); and

WHEREAS, Parent, Buyer and the Shareholders desire to make certain representations, warranties and covenants in connection with the Acquisition.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I. DEFINITIONS

1.01. **Definitions.** As used in this Agreement, the following terms shall have the meanings set forth or referenced below:

“**Accounting Principles**” means International Financial Reporting Standards as consistently applied by the Company Entities in the preparation of the Financial Statements.

“**Accounts Receivable**” means any and all accounts receivable of or amounts owing or payable to a Company Entity, together with all completed but unbilled services related to such Company Entity’s work in progress, all as of the Closing Date.

“**Acquisition**” has the meaning set forth in the Recitals.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition and this Agreement, the term “**control**” (and correlative terms) means the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

“**Agreement**” has the meaning set forth in the Preamble.

“**Applicable Laws**” means all laws, statutes, constitutions, rules, regulations, principles of common law, resolutions, codes, ordinances, requirements, judgments, orders, decrees, injunctions, and writs of any Governmental Entity which have, or the Company believes is reasonably likely to have, jurisdiction over a Company Entity or the businesses, operations or assets of a Company Entity, as they may be in effect on or prior to the Closing.

“**Arbitration Rules**” has the meaning set forth in Section 10.05(b).

“**Backlog**” means expected revenue committed under signed customer Contracts but not yet recognized as revenue under the Accounting Principles applied consistently with the Company Entities’ past practices.

“**Business Day**” means a day other than Saturday or Sunday on which commercial banks are open for business in St. Louis, Missouri, United States of America, City of London, England, New York, New York, United States of America, and Montevideo, Uruguay.

“**Business Records**” means any and all books related to the business of the Company Entities, as well as records, files, documentation, data or information of the Company Entities that have been or now are used in connection with such business, currently in possession or control of the Company Entities.

“**Buyer**” has the meaning set forth in the Preamble.

“**Buyer Carved-Out Liabilities**” has the meaning set forth in Section 8.01(d).

“**Buyer Indemnification Basket**” has the meaning set forth in Section 8.01(c).

“**Buyer Indemnified Taxes**” means, without duplication and whether disputed or not, any and all of the following Taxes: (a) any and all Taxes (other than Transfer Taxes) of the Shareholders; (b) any and all Taxes imposed on a Company Entity or for which a Company Entity may be liable for any Pre-Closing Tax Period (excluding Taxes attributable to a transaction undertaken on the Closing Date after the Closing that is not contemplated by this Agreement and is outside of the ordinary course of business); (c) any and all Taxes resulting from the breach of the representations and warranties set forth in this Agreement (determined without regard to any materiality or knowledge qualifiers) or covenants set forth in this Agreement; (d) that are the employer’s portion of social security or other employment Taxes due as a result of any payments made to the Shareholders in their capacity as employees of a Company Entity on or before the Closing pursuant to this Agreement; (e) the Transfer Taxes for which the Shareholders are responsible pursuant to Section 6.02; (f) any and all Taxes (other than Transfer Taxes) for which the Shareholders or any Company Entity are liable as a result of the Acquisition; (g) any and all Taxes of any member (other than a Company Entity, Buyer or an Affiliate of Buyer) of an affiliated, consolidated, combined or unitary group of which a Company Entity (or any predecessor of the Company Entity) is or was a member on or prior to the Closing Date; (h) any and all Taxes of any Person (other than a Company Entity, Buyer or an Affiliate of Buyer) for which a Company Entity may be liable, jointly or severally (including, but not limited to, pursuant to Treasury Regulation Section 1.1502-6 (or any analogous provisions of Applicable Laws), as transferee or successor, by contract, as a result of any express or implied obligation to indemnify or pay the Tax obligations of another Person or under similar grounds, or otherwise, in each case, which liability relates to an event or transaction occurring on or before the Closing Date (excluding an event or transaction undertaken on the Closing Date after the Closing that is not contemplated by this Agreement and is outside of the ordinary course of business); (i) any and all Taxes of any Company Entity arising out of any COVID-19 Measure which liability relates to an event or transaction occurring on or before the Closing Date; and (j) any and all Taxes of a Company Entity (i) under Section 965 of the Code (including, for the sake of clarity, any Tax deferred pursuant to Section 965(h), (ii) payable as a result of a breach of the covenant contained in last sentence of Section 6.02(a), and (iii) payable as a result of an election under Section 965(h) of the Code with respect to any Company Entity to defer the payment of any “net tax liability” as such term is defined in Section 965(h)(6) of the Code. Notwithstanding the foregoing, “Buyer Indemnified Taxes” shall not include any Tax that was specifically taken into account as a liability in the calculation of Net Working Capital, as finally determined.

“**Buyer Indemnitee**” and “**Buyer Indemnitees**” has the meaning set forth in Section 8.01(a).

“**Buyer Parties**” means Parent and Buyer.

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act, as amended, together with all rules and regulations and guidance issued by any Governmental Entity with respect thereto.

“**Centre**” has the meaning set forth in Section 10.05(b).

“**Charter Documents**” means the articles of incorporation (or equivalent), certificate of formation, operating agreement and bylaws (or equivalent), in each case as amended to date and currently in effect.

“**Claim Notice**” has the meaning set forth in Section 8.04(a).

“**Closing**” has the meaning set forth in Section 2.05(a).

“**Closing Date**” has the meaning set forth in Section 2.05(a).

“**Closing Date Dispute Notice**” has the meaning set forth in Section 2.03(b).

“**Closing Date Statement**” has the meaning set forth in Section 2.03(b).

“**Code**” means the United States Internal Revenue Code of 1986, as amended. All references to the Code, U.S. Treasury regulations or other governmental pronouncements shall be deemed to include references to any applicable successor regulations or amending pronouncement.

“**Commercially Reasonable Efforts**” means the prompt, significant and diligent efforts that a prudent person desirous of achieving a result and having an incentive to and interest in achieving such result would use in similar circumstances to achieve that result as expeditiously as reasonably possible; provided, that in applying its Commercially Reasonable Efforts a party shall be required to expend only such resources as are commercially reasonable in the applicable circumstances.

“**Company**” shall have the meaning set forth in the Preamble.

“**Company Benefit Plan**” means each Employee Benefit Plan that is currently sponsored, maintained, contributed to, or agreed to by a Company Entity or under which a Company Entity has any current or future obligations, other than statutory plans.

“**Company Business Unit**” shall mean Parent’s business unit following the Closing comprised of the business of the Company Entities.

“**Company EBITDA**” means the net income of the Company Business Unit calculated in accordance with Parent’s GAAP for the Earnout Period before the calculation and deduction of the following expenses during such period: (a) income tax expense (including reserves for deferred income taxes); (b) gross interest income and expense; (c) depreciation expense; and (d) amortization expense. In determining Company EBITDA: (i) Company EBITDA shall be computed without regard to “unusual and infrequent items” of gain or loss as that term is defined by Parent’s GAAP; (ii) Company EBITDA shall not include any gains, losses or profits realized from the sale of any assets in accordance with Parent’s GAAP and other than in the ordinary course of business; (iii) no deduction shall be made for any management fees or general overhead expenses (including, without limitation, shared services for software, servers, in-house IT support and equipment, general business insurance and recruiters) or other general intercompany charges, of whatever kind or nature, charged by Parent or its Affiliates to the Company Business Unit; provided, however, that the Company Business Unit shall be charged for a back office support expense equal to \$50,000 and direct expenses incurred directly for the benefit of the Company Business Unit, including, without limitation, bad debt expense for uncollected Company Business Unit accounts receivable, the cost of benefits provided by Parent and its Affiliates (other than the Company Entities) to Company Business Unit employees (provided such benefits are substantially equivalent to, and not in excess of, the benefits received by the employees of Parent or its Affiliates), the costs incurred by the Parent related to immigration processing or assistance related to employees of the Company Business Unit, the recruiting placement bonuses paid by Parent to Parent’s recruiters or fees paid by Parent to outside recruiters in connection with hiring new employees for the Company Business Unit, the cost of any Company Business Unit marketing professionals whether or not such professionals report to Parent’s corporate marketing group and the hourly fully burdened cost of any consultants, including actual payroll costs and benefits, provided by Parent or its Affiliates to the Company Business Unit, and provided that the revenues derived from such consultants while so provided shall be allocated to the Company Business Unit; (iv) no deduction shall be made for any Transaction Expenses arising out of

this Agreement including, without limitation, legal, accounting or refinancing fees and expenses; (v) Company EBITDA shall not include deferred revenue that has not been recognized as revenue as of or before Closing solely due to the applicable Company Entity not having obtained an executed statement of work or other applicable documentation; and (vi) no deduction shall be made for any fees, costs and expenses incurred by the Company Entities in connection with termination of any November Converted Contractor that is not converted to an employee on or before November 1, 2021 to the extent that such fees, costs or expenses are included in the calculation of Net Working Capital. Notwithstanding the immediately preceding sentence, in the event that any bad debt expense is incurred by the Company Business Unit during the Earnout Period, such bad debt expense will be reduced for Company EBITDA calculation purposes by the amount, if any, of the associated accounts receivable that is actually collected by Parent prior to 120 days after the end of the Earnout Period. Further, Company EBITDA shall also include net income calculated in accordance with Parent's GAAP for the Earnout Period for services revenue resulting from services sold by the Company Business Unit but delivered by Parent outside of the Company Business Unit or by a subsidiary of Parent less the fully-burdened cost of the provision of such services revenue.

"Company Entity" means each of the Company and its direct and indirect Subsidiaries.

"Company Material Adverse Effect" means any event, circumstance, condition, development or occurrence causing, resulting in or having (or with the passage of time reasonably likely to cause, result in or have) a material adverse effect on the business or financial condition of the Company Entities, taken as a whole; provided, however, that in no event shall any of the following be deemed to constitute or be taken into account in determining a Company Material Adverse Effect: any event, circumstance, condition, development, occurrence or effect that results from (i) changes affecting the economy generally or a general deterioration in the industry in which the Company operates, (ii) the public announcement or pending nature of this Agreement and the transactions contemplated hereunder, (iii) each Shareholder's compliance with the terms of this Agreement or (iv) any effect resulting from wars, terrorism, cyber-attacks, natural disasters, epidemics, plagues or pandemics (including COVID-19).

"Company Shares" means all of the outstanding shares of the capital stock of Company, as listed on Schedule 3.02(a).

"Computer System" has the meaning set forth in Section 3.06(c).

"Confidential Information" has the meaning set forth in Section 3.20(i).

"Consents" means all consents, approvals, notices, registrations, authorizations, filings or declarations of or with third parties or Governmental Entities, in each case that are necessary to consummate or required in connection with the transactions contemplated hereby or by the other Transaction Documents.

"Consideration Spreadsheet" has the meaning set forth in Section 2.02(d).

"Continuing Employees" means each employee listed on Schedule 6.03 as a continuing employee.

"Continuing Independent Contractors" means each independent contractor listed on Schedule 6.03 as a continuing independent contractor.

"Contract" means any written, oral or other agreement, contract, subcontract, lease, binding understanding, instrument, note, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature to which a Company Entity is a party or by which a Company Entity, or any of its properties or assets, is bound.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions thereof.

“COVID-19 Measure” means (a) the Presidential Proclamation 9994 of March 13, 2020 Declaring a National Emergency Concerning the COVID-19 Outbreak, (b) the CARES Act, (c) the Families First Act, (d) any Payroll Tax Executive Order, (e) H.R. 133 – Consolidated Appropriations Act, 2020, (f) the “Paycheck Protection Program” under the CARES Act, (g) the American Rescue Plan Act of 2021, and (h) any Applicable Law promulgated by any Governmental Entity in connection with or in response to COVID-19.

“Damages” means, without duplication, any and all judgments, losses, charges, Taxes, penalties and fees, costs and expenses (including reasonable attorneys’ fees and expenses) which are in each case actual and incurred and which are sustained, suffered or incurred by an Indemnified Party in connection with, or related to, any matter which is the subject of the indemnification provisions hereof, including all claims, demands, suits and proceedings in connection therewith, subject to the limitations on indemnification set forth in Article VIII. **“Damages”** shall not include any consequential, special or punitive damages, nor any diminution of value, damages for lost profits, business interruption or exemplary damages, except to the extent that the same are awarded to a third party under a Third Party Claim that includes such damages.

“Disclosure Schedule” has the meaning set forth in Article III.

“Earnout Dispute Notice” has the meaning set forth in Section 2.02(c)(iii).

“Earnout Payments” means together, the EBITDA Earnout Payment and the Revenue Earnout Payment.

“Earnout Period” means the 12-month period beginning on the Closing Date.

“Earnout Period Revenue” means the total revenue resulting from services, recognized in accordance with Parent’s GAAP by the Company Business Unit during the Earnout Period, which, for the avoidance of doubt, does not include (a) revenue from reimbursed expenses, product re-sale or pass-through revenue or (b) deferred revenue that has not been recognized as revenue as of or before Closing solely due to the applicable Company Entity not having obtained an executed statement of work or other documentation. Earnout Period Revenue shall also include revenue resulting from services sold by the Company Business Unit but delivered by Parent outside of the Company Business Unit or by a subsidiary of Parent (other than a Company Entity).

“Earnout Statement” has the meaning set forth in Section 2.02(c)(iii).

“EBITDA Earnout Payment” has the meaning set forth in Section 2.02(c)(i).

“Employee Benefit Plan” means (a) any nonqualified deferred compensation or retirement plan or arrangement that is an Employee Pension Benefit Plan (as defined in Section 3(2) of the U.S. Employee Retirement Income Security Act of 1974, as amended), (b) any qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) any qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multiemployer Plan (as defined in Section 3(37)(A) of the U.S. Employee Retirement Income Security Act of 1974, as amended)), (d) any Employee Welfare Benefit Plan (as defined in Section 3(1) of the U.S. Employee Retirement Income Security Act of 1974, as amended) or fringe benefit plan or program, (e) any profit sharing, bonus, stock option, stock purchase, stock appreciation rights, phantom stock plan or agreement, consulting, employment, severance or incentive plan, agreement or arrangement or (f) any plan, agreement or arrangement providing benefits related to clubs, vacation, paid time off, childcare, parenting, sabbatical or sick leave that is sponsored, maintained or contributed to by a Company Entity or any ERISA Affiliate for the benefit of the employees, former employees, independent contractors or agents of a Company Entity or any ERISA Affiliate or has been so sponsored, maintained or contributed to at any time within six years prior to the Closing Date.

“Employment Laws” means all Applicable Laws respecting employment or employment practices, terms and conditions of employment, payment or non-payment of wages and other compensation, affirmative action, working conditions, labor unions, and payment, non-payment or

provision of employee benefits, including, without limitation, the Worker Adjustment and Retraining Notifications Act, Immigration and Nationality Act, Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, Americans with Disabilities Act, Age Discrimination in Employment Act, Racketeer Influenced and Corrupt Organizations Act, Foreign Corrupt Practices Act, 18 U.S.C. §1341 et seq. (provisions relating to honest services mail and wire fraud), Rehabilitations Act of 1973, ERISA, National Labor Relations Act, and the Occupational Safety and Health Act, to the extent applicable.

“**Encumbrances**” means any and all restrictions on or conditions to transfer or assignment, claims, liens, pledges, security interests, deeds of trust, tenancies, other possessory interests, conditional sale or other title retention agreements, factoring, purchase or similar arrangements, assessments, easements, rights of way, covenants, rights of first refusal, defects in title, encroachments, mortgages, restrictions, and other burdens, options, or encumbrances of any kind, whether accrued, absolute, contingent or otherwise affecting a Company Entity or its assets.

“**Environmental Law**” means any Applicable Law relating or pertaining to the public health and safety or the environment or otherwise governing the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, removal, discharge or disposal of Hazardous Materials, including without limitation (i) the Solid Waste Disposal Act, 42 U.S.C. 6901 et seq., as amended, (ii) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended, (iii) the Clean Water Act, 33 U.S.C. § 1251 et seq., as amended, (iv) the Clean Air Act, 42 U.S.C. § 7401 et seq., as amended, (v) the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., as amended, (vi) the Emergency Planning and Community Right To Know Act, 15 U.S.C. § 2601 et seq., as amended, and (vii) the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., as amended.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Affiliate**” means any entity that would be considered a single employer with a Company Entity within the meaning of Section 414 of the Code.

“**Escrow Account**” has the meaning set forth in the Escrow Agreement.

“**Escrow Agent**” means U.S. Bank National Association.

“**Escrow Agreement**” means the Escrow Agreement to be entered into among Parent, the Representative and the Escrow Agent, substantially in the form attached as Exhibit A.

“**Escrow Distribution**” means the amount of any distribution out of the Escrow Account to the Shareholders.

“**Escrowed Consideration**” means the combination of: (a) that number of shares of Parent Common Stock equal to the quotient of \$439,611.43, divided by the Parent Stock Per Share Price as of the Closing Date, rounded to the nearest whole share; and (b) an amount in cash equal to \$14,560,388.57.

“**Estimated Closing Date Balance Sheet**” has the meaning set forth in Section 2.03(a).

“**Estimated Net Working Capital**” has the meaning set forth in Section 2.03(a).

“**Estimated Statement**” has the meaning set forth in Section 2.03(a).

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Expense Fund**” has the meaning set forth in Section 9.02(a).

“**Expert Accountant**” has the meaning set forth in Section 2.04.

“**Families First Act**” means the Families First Coronavirus Response Act (P.L. 116-127) or a similar provision of U.S. state or local Applicable Law.

“**FCPA**” has the meaning set forth in Section 3.15(b).

“**Final Subcontractor Payments**” means the amounts to be paid as part of the Indebtedness in accordance with Section 2.02(a)(i) to the Persons set forth on Schedule 3.14(f) under the heading “Final Subcontractor Payments.”

“**Financial Statements**” has the meaning set forth in Section 3.07(a).

“**Flow-Thru Entity**” has the meaning set forth in Section 3.12(j).

“**Fraud**” means, with respect to any Person, intentional and knowing Delaware common law fraud committed by such Person in connection with the making of the express representations and warranties contained in this Agreement or any other Transaction Document. For the avoidance of doubt and without limiting the foregoing, it is agreed and understood that Fraud does not include any claim for negligence or recklessness (including constructive fraud).

“**Government Program**” means all government provided healthcare and welfare programs under Applicable Law, including, in the United States, the Medicare (including Medicare Part D and Medicare Advantage), Medicaid, Medicaid-waiver and CHAMPUS/TRICARE programs, any other similar or successor federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)), and any state, local or non-U.S. health care programs.

“**Governmental Entity**” means any national, state, district, municipal, local or foreign government, any instrumentality, subdivision, court, administrative agency or commission or other governmental authority or instrumentality, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

“**Hazardous Material**” means any substance regulated or as to which liability might arise under any Environmental Law and including, without limitation: (a) any chemical, compound, material, product, byproduct, substance or waste defined as or included in the definition or meaning of “hazardous substance,” “hazardous material,” “hazardous waste,” “solid waste,” “toxic waste,” “extremely hazardous substance,” “toxic substance,” “contaminant,” “pollutant,” or words of similar meaning or import found in any Environmental Law; (b) petroleum hydrocarbons, petroleum products, petroleum substances, natural gas, oil, oil and gas waste, crude oil, and any components, fractions, or derivatives thereof; and (c) radioactive materials, asbestos containing materials, polychlorinated biphenyls or radon.

“**HIPAA**” means the Administrative Simplification Provisions of title II, subtitle F, of the Health Insurance Portability and Accountability Act of 1996 (Pub. Law No. 104-191) and all regulations promulgated thereunder, including the Privacy Standards (45 C.F.R. Parts 160 and 164), the Electronic Transactions Standards (45 C.F.R. Parts 160 and 162), and the Security Standards (45 C.F.R. Parts 160, 162 and 164), as amended by the HITECH Act, the final HIPAA/HITECH Omnibus Rules published by the U.S. Department of Health and Human Services on January 25, 2013, and as otherwise may be amended from time to time.

“**HITECH ACT**” means the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, Pub. Law No. 111-5 and its implementing regulations, including 42 C.F.R. §§ 412, 413, 422 and 495, as amended by the HIPAA Omnibus Rule, issued on January 25, 2013, effective as of March 26, 2013.

“**Holdback Amount**” has the meaning set forth in Section 2.03(a).

“**include,**” “**includes**” and “**including**” have the respective meanings set forth in Section 10.02.

“**Indebtedness**” without duplication, means (a) all indebtedness (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) of a Company Entity, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed, whether owing to banks, financial institutions, on equipment

leases or otherwise, (b) all deferred indebtedness of a Company Entity for the payment of the purchase price of property or assets purchased, (c) all obligations of a Company Entity to pay rent or other payment amounts under a lease of real or Personal Property which is required to be classified as a capital lease or a liability on the face of a balance sheet prepared in accordance with the Accounting Principles, (d) any outstanding reimbursement obligation of a Company Entity with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of the Company, (e) any payment obligation of a Company Entity under any interest rate swap agreement, forward rate agreement, interest rate cap or collar agreement or other financial agreement or arrangement entered into for the purpose of limiting or managing interest rate risks, (f) all indebtedness for borrowed money secured by any Encumbrance existing on property owned by a Company Entity, whether or not indebtedness secured thereby shall have been assumed, (g) all guaranties, endorsements, assumptions and other contingent obligations of a Company Entity in respect of, or to purchase or to otherwise acquire, indebtedness for borrowed money of others, (h) all premiums, penalties and change of control payments, required to be paid or offered in respect of any of the foregoing as a result of the consummation of the transactions contemplated by this Agreement or the other Transaction Documents regardless if any of such are actually paid, (i) the Final Subcontractor Payments, and (j) obligations under any interest rate, currency or other hedging agreement; provided that **"Indebtedness"** shall not include trade payables or other current liabilities expressly included in the Estimated Statement, as finally determined by the Closing Date Statement or pursuant to the procedures set forth in Section 2.03, as applicable.

"Indemnified Party" means a Person who is entitled to indemnification from a party hereto pursuant to Article VIII.

"Indemnifying Party" means a party hereto who is required to provide indemnification under Article VIII to an Indemnified Party.

"Information Privacy or Security Laws" means HIPAA and all other Applicable Laws concerning the privacy or security of Personal Information, including state data breach notification Applicable Laws, state health privacy and information security Applicable Laws and state consumer protection Applicable Laws.

"Intellectual Property" means any or all of the following and all rights in, arising out of or associated therewith: (a) all United States and non-U.S. patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations in part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know how, rights in technology, technical data and customer lists, all documentation relating to any of the foregoing and all rights under applicable trade secret law in any of the foregoing; (c) all copyrights, copyright registrations and applications therefor and all other rights corresponding thereto throughout the world; (d) all rights in software; (e) all industrial designs and any registrations and applications therefor throughout the world; (f) all mask works and any registrations and applications therefor throughout the world; (g) all trade names, logos, URLs, common law trademarks and service marks, trademark and service mark registrations and applications therefor throughout the world; (h) all databases and data collections and all rights therein throughout the world; (i) all economic rights of authors and inventors, however denominated, throughout the world in any of the foregoing; and (j) any similar or equivalent intellectual property or proprietary rights to any of the foregoing anywhere in the world.

"Knowledge Persons" means each Principal Shareholder, Nicolás Chiappara Algorta, Andrés Levin Fiorelli, Mercedes Ros, Gonzalo Ignacio Cuiñas Isola, Gerardo Gabriel Fernández Sulé and Alfredo Santiago Burgos López.

"Lease Agreements" has the meaning set forth in Section 3.18.

"Leased Real Property" has the meaning set forth in Section 3.18.

"Licensed Software" has the meaning set forth in Section 3.20(b).

"Material Contract" means any of the following:

(a) Any Contract that requires or may require future expenditures by a Company Entity in excess of \$50,000 on an annual basis or that might result in payments to a Company Entity in excess of \$50,000 on an annual basis;

(b) Any Contract to which a Company Entity is a party or otherwise subject that is not terminable without penalty on notice of 30 days or less;

(c) Each Lease Agreement and each Contract or other right pursuant to which a Company Entity uses or possesses any Personal Property (other than Personal Property owned by a Company Entity);

(d) Any Contract with a Shareholder or any director, manager or officer of a Company Entity, or any Affiliate of any of such Persons, including any Contract providing for the furnishing of services by, rental of Real Property or Personal Property from or otherwise requiring payments to any such Person;

(e) Any Contract relating to the licensing or transfer of Intellectual Property of a Company Entity or any Third Party Intellectual Property Rights, other than those pertaining to off-the-shelf software;

(f) Any Contract containing any covenant (i) limiting the right of a Company Entity to engage in any line of business, make use of any Intellectual Property, Third Party Intellectual Property Rights or any Confidential Information or compete with any Person in any line of business, (ii) granting any exclusive distribution or supply rights, (iii) requiring a Company Entity to purchase its total requirements of any product or service from a third party or that contain "take or pay" provisions, or (iv) otherwise having an adverse effect on the right of a Company Entity to sell, distribute or manufacture any products or services or to purchase or otherwise obtain any software, components, parts or subassemblies;

(g) Any Contract between a Company Entity and any current or former employee, consultant or director of a Company Entity, including any Contract pursuant to which benefits would vest or amounts would become payable or the terms of which would otherwise be altered by virtue of the consummation of the transactions contemplated by this Agreement or any other Transaction Document to which a Company Entity is a party (whether alone or upon the occurrence of any additional or subsequent events);

(h) Any Contract that requires a consent to a change of control, merger or an assignment, either before or after the Closing Date;

(i) Any Contract that provides for the indemnification by a Company Entity of any Person (other than Contracts entered into with customers in the ordinary course of business) or the assumption of any Tax, environmental or other liability of any Person;

(j) Any Contract that relates to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any Real Property (whether by merger, sale of stock, sale of assets or otherwise);

(k) Any Contract providing for or governing any Indebtedness of a Company Entity or any Encumbrance on the assets or capital stock of a Company Entity; or

(l) Any other Contract, or group of Contracts, the termination or breach of which would have, or would be reasonably expected to have, a Company Material Adverse Effect.

"Net Working Capital" means the amount, calculated in accordance with Parent's GAAP, equal to (a) all cash and cash equivalents held by the Company Entities, prepaid expense assets and Accounts Receivable net of allowance for uncollectible accounts and returns of the Company Entities, less (b) the liabilities of the Company Entities excluding any right of use liability, all as reflected on the Estimated Statement, as finally determined by the Closing Date Statement or pursuant to the procedures set forth in

Section 2.03, as applicable. For the avoidance of doubt, the calculation of Net Working Capital shall: (a) exclude any right of use liability; (b) deem any Accounts Receivable not collected within 180 days of the Closing Date for any reason to be “uncollectible” and thus excluded from such calculation; (c) include as a liability an amount equal to the fees, costs and expenses to be incurred by the Company Entities in connection with termination of any November Converted Contractor that is not converted to an employee on or before November 1, 2021 (whether or not such amounts would be recorded as a liability in accordance with Parent’s GAAP as of the close of business on the day immediately prior to the Closing Date); (d) exclude any deferred revenue for services provided prior to the Closing that has not been recognized as revenue as of or before Closing solely due to the applicable Company Entity not having obtained an executed statement of work or other applicable documentation; and (e) exclude any Indebtedness repaid in accordance with Sections 2.02(a)(i) and 2.05(c)(xiii).

“**Net Working Capital Threshold Amount**” means \$4,096,115.00.

“**Non-Control Party**” has the meaning set forth in Section 8.04(b).

“**November Converted Contractor**” has the meaning set forth in Section 6.03.

“**OFAC**” means the United States Department of the Treasury Office of Foreign Assets Controls.

“**Open Source Licenses**” has the meaning set forth in Section 3.20(c).

“**Open Source Software**” has the meaning set forth in Section 3.20(c).

“**Owned Software**” has the meaning set forth in Section 3.20(b).

“**Parent**” has the meaning set forth in the Preamble.

“**Parent Common Stock**” means the Parent’s common stock, par value \$0.001 per share.

“**Parent Material Adverse Effect**” means any event, circumstance, condition, development or occurrence causing, resulting in or having (or with the passage of time reasonably likely to cause, result in or have) a material adverse effect on the business or financial condition of the Buyer Parties, taken as a whole; provided, however, that in no event shall any of the following be deemed to constitute or be taken into account in determining a Parent Material Adverse Effect: any event, circumstance, condition, development, occurrence or effect that results from (i) changes affecting the economy generally or a general deterioration in the industry in which the Buyer Parties operate, (ii) the public announcement or pending nature of this Agreement and the transactions contemplated hereunder, (iii) each Buyer Party’s compliance with the terms of this Agreement or (iv) any effect resulting from wars, terrorism, cyber-attacks, natural disasters, epidemics, plagues or pandemics (including COVID-19).

“**Parent SEC Filings**” has the meaning set forth in Section 5.07.

“**Parent Stock Participating Shareholder**” means each Shareholder who, as set forth on the Consideration Spreadsheet, is entitled to shares of Parent Common Stock comprising a portion of the Escrowed Consideration.

“**Parent Stock Per Share Price**” means the average closing sale price of one share of Parent Common Stock as reported on the Nasdaq Global Select Market for the 30 consecutive trading days ending on the date that is one trading day immediately preceding the applicable measurement date (as adjusted as appropriate to reflect any stock splits, stock dividends, combinations, reorganizations, reclassifications or similar events).

“**Parent’s GAAP**” means United States generally accepted accounting principles as applied by Parent in the Parent SEC Filings as of the Closing Date.

“Payroll Tax Executive Order” means any U.S. presidential memorandum, executive order or similar pronouncement permitting or requiring the deferral of any payroll Taxes (including those imposed by Sections 3101(a) and 3201 of the Code). For the avoidance of doubt, the Presidential Memorandum of August 8, 2020, Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster 85 FR 49587, shall constitute a Payroll Tax Executive Order.

“Permits” means all licenses, permits, authorizations, certificates, franchises, variances, waivers, consents and other approvals from any Governmental Entity relating to the operation of the Company Entities’ business.

“Permitted Encumbrances” means (a) any Encumbrance for Taxes that are not yet due or payable, (b) any Encumbrance for Tax assessments and other charges or claims with respect to Taxes that are due and payable and the validity of which are being contested in good faith by appropriate proceedings (as described on Schedule 3.12) and for which adequate reserves have been established by a Company Entity in accordance with the Accounting Principles, (c) any minor imperfection of title or similar Encumbrance which individually or in the aggregate with other such Encumbrances does not materially impair the value of the property subject to such Encumbrance or the use of such property in the conduct of the applicable Company Entity’s business, (d) mechanics’ and materialmen’s liens incurred in the ordinary course of business, (e) statutory liens of landlords’ and workmen’s, repairmen’s, warehousemen’s and carriers’ liens and other similar Encumbrances arising in the ordinary course of business, (f) requirements incurred or other Encumbrances relating to deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance, social security, and other similar statutory requirements, (g) Encumbrances constituted by the terms of any Material Contract, (h) Encumbrances, deposits or pledges to secure the performance of bids, tenders, Contracts (other than Contracts for the payment of money), leases, public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business, (i) judgment and other similar Encumbrances arising in connection with court proceedings, provided the execution or other enforcement of such Encumbrance is effectively stayed and the claim secured thereby is being actively contested in good faith by appropriate proceedings and for which adequate reserves have been established by a Company Entity in accordance with the Accounting Principles, (j) easements, rights-of-way, zoning ordinances, restrictions and other similar Encumbrances which, in the aggregate, do not materially interfere with the occupation, use, and enjoyment by the applicable Company Entity of its assets encumbered thereby in the normal course of its business or materially impair the value of the property subject thereto, or (k) the Encumbrance created by the express terms of the Master Receivable Purchase Agreement entered into by and between One Button Word LLC and Deutsche Bank AG New York Branch, dated November 3, 2019 and the related financing statement evidencing such Encumbrance.

“Person” means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization, or other entity.

“Personal Information” means any information with respect to which there is a reasonable basis to believe that the information can be used to identify an individual, including “individually identifiable health information” as defined in 45 C.F.R. § 160.103, other information protected by HIPAA, demographic information, and Social Security numbers.

“Personal Property” means all of the machinery, equipment, computer hardware, tools, motor vehicles, furniture, furnishings, leasehold improvements, office equipment, inventories, supplies, plant, spare parts, and other tangible personal property that is owned or leased by a Company Entity and which are used or held for use in its business or operations as of the Closing Date.

“Post-Closing Tax Period” means (a) any taxable period that begins on or after the day immediately following the Closing Date, and (b) with respect to any Straddle Period, the portion of such Straddle Period after the Closing Date (determined in accordance with Section 6.02(c)).

“PPP Loan Note” means that certain Note executed by Overactive Inc. as borrower thereunder on May 15, 2020, in the aggregate principal amount of \$106,040 under the U.S. Small Business

Administration Paycheck Protection Program, evidencing loan number 4216425-1, and any and all other agreements, instruments, certificates and documents related thereto.

“**Pre-Closing Income Tax Returns**” has the meaning set forth in Section 6.02(a).

“**Pre-Closing Tax Period**” means (a) any taxable period that ends on or before the Closing Date, and (b) with respect to any Straddle Period, the portion of such Straddle Period ending on (and including) the Closing Date (determined in accordance with Section 6.02(c)).

“**Principal Shareholders**” means Martín Troisi Ferrán and Juan José Zangaro Cabrera.

“**Real Property**” means all land, buildings, structures, improvements, and fixtures thereon, together with all rights of way, easements, privileges, and appurtenances pertaining or belonging thereto, that are owned or leased by a Company Entity and which are used or held for use in its business or operations as of the Closing Date.

“**Related Party Transactions**” has the meaning set forth in Section 3.21.

“**Representative**” has the meaning set forth in the Preamble. For all purposes related to the Shareholders, the Representative acts as their agent (*mandatario con representación*).

“**Restrictive Agreements**” means: (a) the Stock Restriction and Non-Compete Agreement, to be entered into by Parent and each of the Shareholders other than: the Principal Shareholders; Gabriel Inchausti Blixen; and Pablo Darío Taraciuk Vainer, substantially in the form attached hereto as Exhibit B-1; and (b) the Non-Compete Agreement, to be entered into by Parent and each Principal Shareholder, substantially in the form attached hereto as Exhibit B-2.

“**Revenue Earnout Payment**” has the meaning set forth in Section 2.02(c)(ii).

“**Sanctioned Country**” means any country or region that is the subject or target of a comprehensive embargo under Sanctions Laws (including, without limitation, Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of Ukraine).

“**Sanctioned Person**” means any Person that is the subject or target of sanctions or restrictions under Sanctions Laws or Ex-Im Laws, including: (a) any Person listed on any applicable U.S. or non-U.S. sanctions- or export-related restricted party list, including OFAC’s Specially Designated Nationals and Blocked Persons List; (b) any Person that is, in the aggregate, 50% or greater owned, directly or indirectly, or otherwise controlled by a Person or Persons described in clause (a); or (c) any Person who is ordinarily resident in a Sanctioned Country.

“**Sanctions Laws**” means all U.S. and non-U.S. Laws, Regulations, and Executive Orders relating to economic or trade sanctions, including the laws administered or enforced by the United States (including by OFAC or the U.S. Department of State) and the United Nations Security Council.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Settlement Obligations**” has the meaning set forth in Section 8.04(b).

“**Shareholder Carved-Out Liabilities**” has the meaning set forth in Section 8.01(c).

“**Shareholder Indemnification Basket**” has the meaning set forth in Section 8.01(d).

“**Shareholder Indemnitee**” or “**Shareholder Indemnitees**” has the meaning set forth in Section 8.01(d).

“**Shareholder Loans**” means the amounts owed by the applicable Shareholder to the Company Entity, as set forth under the heading “Shareholder Loans” on Schedule 3.21, which loan amount shall be deducted from the payment of the consideration to each applicable Shareholder in accordance with Section 2.02(a)(i) and paid by the Buyer on behalf of the applicable Shareholder to the applicable Company Entity.

“**Shareholder Percentage**” means, with respect to each Shareholder, the applicable percentage set forth on the Consideration Spreadsheet under the heading “Shareholder Percentage.”

“**Shareholders**” means the holders of all outstanding Company Shares, as listed on Schedule 3.02(a).

“**Shareholders’ Agreement**” means the shareholders’ agreement in regards to the Company Shares executed on March 16, 2021.

“**Software**” has the meaning set forth in Section 3.20(b).

“**Straddle Period**” means any taxable period that begins before the Closing Date and ends after the Closing Date.

“**Subsidiary**” means, with respect to any Person, any corporation, partnership, association or other business entity of which (a) if a corporation, a majority of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, association or other business entity if such Person or Persons shall be allocated a majority of partnership, association or other business entity gains or losses or shall be or control the managing director or general partner of such partnership, association or other business entity.

“**Tax**” and “**Taxes**” means, whether or not disputed, any and all (a) U.S. federal, state, district and local and non-U.S. taxes of any kind (together with any and all interest, penalties, fines, additions to tax and other additional amounts imposed with respect thereto) imposed by any Tax Authority, including, but not limited to, taxes that are measured by net income, gross income, gross receipts, sales, use, ad valorem, franchise, profits, license, lease, service, service use, withholding, employment, payroll, earnings, net worth, unemployment insurance, Social Security, excise, severance, transfer, value added, documentary, mortgage, registration, stamp, occupation, real or personal property, unclaimed property, escheat, environmental, premium, property, windfall profits, customs, duties and other taxes, fees, levies, assessments or charges of any kind whatsoever, together with any interest, penalties, fines, additions to taxes, and other additions amounts imposed with respect thereto imposed by any Tax Authority; and (b) any liability for any items described in clause (a) whether imposed, assessed, due or otherwise payable directly, jointly or severally (including, but not limited to, pursuant to Treasury Regulation Section 1.1502-6 (or any analogous provisions of Applicable Laws), as transferee or successor, by contract, as a result of any express or implied obligation to indemnify or pay the Tax obligations of another Person or under similar grounds, or otherwise.

“**Tax Authority**” means any entity, body, instrumentality, division, bureau or department of any U.S. federal, national, district, state, municipal, local or any non-U.S. Governmental Entity, or any agent thereof (third party or otherwise), legally authorized to assess, lien, levy or otherwise collect, litigate or administer Taxes.

“**Tax Incentive**” has the meaning set forth in Section 3.12(q).

“**Tax Proceeding**” has the meaning set forth in Section 6.02(d)(i).

“**Tax Returns**” means collectively but without limitation, all reports, declarations, filings, questionnaires, estimates, returns, information statements, notices, computations, elections, claims, disclaimers, registrations and similar documents relating to, or required to be filed under Applicable Laws in any jurisdiction in respect of any Taxes, including, without limitation, any amendments thereof; and the term “Tax Return” means any one of the foregoing Tax Returns.

“**Third Party Claim**” means any claim, action, suit, proceeding, investigation or like matter which is asserted or threatened by a party other than the parties hereto, their successors and permitted assigns, against any Indemnified Party or to which any Indemnified Party is subject.

“**Third Party Intellectual Property Rights**” has the meaning set forth in Section 3.20(d).

“**to the knowledge of the Shareholders**” has the meaning set forth in Article III.

“**Total Cash Consideration**” means the amount in cash equal to \$83,115,551.43, subject to adjustment pursuant to Section 2.03, paid to the Shareholders pursuant to Section 2.02(a).

“**Total Consideration**” means the sum of: (a) the Total Cash Consideration; (b) the Total Stock Consideration; (c) the portion of the Escrowed Consideration payable to the Shareholders; and (d) the portion of the Earnout Payments payable to the Shareholders.

“**Total Stock Consideration**” means that number of shares of Parent Common Stock equal to the quotient of \$2,509,448.57, divided by the Parent Stock Per Share Price as of the Closing Date, rounded to the nearest whole share.

“**Transaction Documents**” means this Agreement, the Escrow Agreement, the Restrictive Agreements and the other ancillary agreements executed in connection with this Agreement or any of the foregoing agreements.

“**Transaction Expenses**” means the third-party fees and expenses incurred by or on behalf of a Company Entity in connection with the drafting, negotiation, execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated herein and therein (but, for the avoidance of doubt, not to include any fees and expenses incurred by or on behalf of the Buyer Parties or any of their respective Affiliates) as determined immediately prior to the Closing, including the one-half of the Escrow Agent’s fees for which the Shareholders are responsible.

“**Transfer Taxes**” has the meaning set forth in Section 6.02(e).

“**Workers’ Compensation Acts**” means Applicable Laws that provide for awards to employees and their dependents for employment-related accidents and diseases.

“**\$**” means U.S. dollars.

ARTICLE II. SALE AND PURCHASE OF STOCK

2.01. **Agreement to Sell and Buy.** Subject to the terms and conditions set forth in this Agreement, each Shareholder shall sell, assign, transfer and deliver to Buyer on the Closing Date, and Buyer shall purchase on the Closing Date, all of such Shareholder’s right, title and interest in and to all of his, her or its Company Shares, free and clear of all Encumbrances, against receipt by such Shareholder of the Total Consideration pursuant to Section 2.02. The sale, assignment, transfer and delivery of the Company Shares includes the transfer of all present and future political and economic rights entitlements relating thereto, without any limitation or exception whatsoever, including accrued earnings, the right to receive dividends (whether or not declared as at the Closing Date, payable or not), shares issued to shareholders without consideration (*acciones liberadas*), voluntary or mandatory capital contributions, other distribution rights whatsoever, and subscribed shares or the preferential right to subscribe additional

shares. For absence of doubt, the sale, assignment, transfer and delivery of Company Shares does not include the transfer of debts that a Shareholder may have with the Company or any Company Entity.

2.02. Payment of Consideration.

(a) In consideration of the sale, assignment, transfer and deliverance of each Shareholders' right, title and interest in and to all of his, her or its Company Shares, free and clear of all Encumbrances, Buyer shall pay (or shall procure the payment by Parent on its behalf) to the Shareholders the Total Consideration as follows:

(i) Shareholder Consideration. At the Closing, Buyer shall deliver (or shall procure the delivery by Parent on its behalf) or cause to be delivered to the Representative in accordance with the wiring instructions set forth on Schedule 2.02 for further distribution to each Shareholder: (A) cash in an amount equal to the aggregate portion of the Total Cash Consideration set forth next to such Shareholders' names on the Consideration Spreadsheet (subject to adjustment as set forth in Section 2.03), less such Shareholders' pro rata share of the Holdback (if any), less such Shareholders' pro rata share of the Expense Fund, less the amount owed by each Shareholder under a Shareholder Loan, if applicable, less such Shareholders' pro rata share of the Indebtedness to be paid at Closing; (B) the number of shares of Parent Common Stock set forth next to such Shareholders' names on the Consideration Spreadsheet in regards to each Parent Stock Participating Shareholder's portion of the Total Stock Consideration; and (C) the number of shares of Parent Common Stock, if any, and cash with respect to the Escrowed Consideration, which shall be delivered on behalf of such Shareholder to the Escrow Agent in accordance with Section 2.02(a)(ii). Upon delivery of such consideration to the Representative, the Buyer Parties shall have no further obligation to any Shareholder with respect to the Total Cash Consideration.

(ii) Escrowed Consideration. Buyer shall deposit (or shall procure the deposit by Parent) or cause to be deposited with the Escrow Agent the Escrowed Consideration payable to the Shareholders, including certificates representing a portion of the Escrowed Consideration payable pursuant to Section 2.02(a)(ii)(B).

(iii) Expense Fund. Buyer shall deliver (or shall procure the delivery by Parent) or cause to be delivered to the Representative cash equal to the Expense Fund for the purposes described in Section 9.02(a).

(iv) Net Working Capital Adjustment. The Total Cash Consideration paid will be adjusted as set forth in Section 2.03.

(v) Earnout Payments. The portion of the Earnout Payments, if any, payable to the Shareholders shall be paid in accordance with Section 2.02(c).

(b) Escrowed Consideration. The Escrowed Consideration shall be held by the Escrow Agent for the term provided for in the Escrow Agreement, released in accordance with Section 8.03(i) and used solely to satisfy Damages, if any, for which the Buyer Indemnitees are entitled to indemnification pursuant to Article VIII, including any payment obligations set forth in Section 2.03 or as provided in the Escrow Agreement. The Shareholders' interest in, and distributions from, the Escrow Account shall be determined and made pursuant to, such Shareholder's applicable Shareholder Percentage. One-half of all Escrow Agent fees and expenses will be paid by the Buyer Parties and one-half will be paid by the Representative on behalf of the Shareholders in accordance with the Escrow Agreement.

(c) Earnout Payments.

(i) EBITDA Earnout Payment. Buyer shall pay (or shall procure the payment by Parent) to the Shareholders as part of the Total Consideration the amount, if any, equal to the product of (A) 2.0125, multiplied by (B) the amount by which Company EBITDA for the Earnout Period exceeds \$5,000,000 (such payment amount, as limited by the immediately following sentence, the

“**EBITDA Earnout Payment**”). The maximum amount to be paid by the Buyer Parties to the Shareholders under the EBITDA Earnout shall be \$10,062,500.

(ii) Revenue Earnout Payment. Buyer shall pay (or shall procure the payment by Parent) to the Shareholders as part of the Total Consideration the amount, if any, equal to the product of (A) 0.4313; multiplied by (B) the amount by which the Earnout Period Revenue exceeds \$40,000,000 (such payment amount, as limited by the immediately following sentence, the “**Revenue Earnout Payment**”). The maximum amount to be paid by the Buyer Parties to the Shareholders under the Revenue Earnout shall be \$4,312,500.

(iii) Earnout Payment Calculation Procedure. As soon as practicable, but in no event later than 90 days following the end of the Earnout Period, Parent will prepare and deliver to the Representative a calculation and statement of the Earnout Payments (the “**Earnout Statement**”). Parent will prepare the Earnout Statement in good faith and amounts included on the Earnout Statement shall be determined in accordance with Parent’s GAAP. Parent will furnish the Representative with the Earnout Statement and such supporting or back-up schedules and documentation as may be reasonably necessary to confirm such calculations. The Representative agrees to cooperate with Parent in the preparation of the Earnout Statement, including providing Parent with supporting or back-up schedules and documentation reasonably requested by Parent. After delivery of the Earnout Statement, the Representative shall be granted reasonable access by Parent to the books and records of Parent (including the Company Business Unit) for purposes of verifying the accuracy of the Earnout Statement. The Representative may submit to Parent, not later than 60 days from the receipt of an Earnout Statement from Parent, a list of any components of the Earnout Statement with which the Representative disagrees, if any (an “**Earnout Dispute Notice**”), in which case the disagreement shall be resolved pursuant to the procedures set forth in Section 2.04. If the Representative does not issue an Earnout Dispute Notice prior to such date, the Earnout Statement, as supplied to the Representative, shall be deemed to have been accepted and agreed to by Representative, and shall be final and binding on the Shareholders.

(iv) Earnout Payment Procedure. Within 10 days after final determination of the Earnout Payments and subject to Section 2.02(c)(vi) below, Buyer shall pay (or shall procure the payment by Parent) to the Representative on behalf of the Shareholders the Earnout Payments for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Such payment shall be in cash by wire transfer of immediately available funds in accordance with the wiring instructions provided to the Buyer Parties by the Representative.

(v) Company Business Unit Operation. During the Earnout Period, the Buyer Parties shall cause the Company Business Unit to be operated as a separate operating unit from Parent’s other operations, and separate books and records will be kept and maintained by the Company Business Unit. Parent shall provide, or cause to be provided, adequate funding so that the Company Business Unit has sufficient working capital in order to conduct its business operations in the ordinary course of business.

(vi) Earnout Payment Offset. If, at the time the Buyer Parties are required to pay the Earnout Payments, if any, a Buyer Party has asserted a claim for indemnification pursuant to Article VIII, the Buyer Parties shall be entitled to withhold payment of and offset (subject to Section 8.03(c)) against payment of the Earnout Payments, the Buyer Parties’ good faith estimate of the aggregate unpaid amount of such claim, such offset to be applied against the full amount of such Buyer Party’s claim. The right of offset is subject to Section 8.03(c) and cumulative to any other rights or remedies the Buyer Parties may have. Once the claim for indemnification for which the withheld payment relates has been finally resolved by the parties, Buyer shall promptly pay (or shall procure the payment by Parent) to the Representative on behalf of the Shareholders any Earnout withheld in excess of such resolved claim plus interest at the rate of 5% per annum from the date the Earnout Payments were due for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Such payment shall be in cash by wire transfer of immediately available funds in accordance with the wiring instructions provided to the Buyer Parties by the Representative.

(vii) Good Faith and Fair Dealing. Each party hereto agrees that it shall, with respect to all matters related to the Earnout Payments, act in good faith and the spirit of fair dealing.

(viii) Guarantee. Parent hereby irrevocably and unconditionally guarantees to the Shareholders the timely and complete payment of the payment obligations of Buyer contained in this Section 2.02(c) and waives all surety defenses.

(ix) Tax Treatment. The Shareholders and the Buyer Parties shall (and the Buyer Parties shall cause the Company Entities and their Affiliates to) treat the payment pursuant to this Section 2.02(c), other than the portion of such payments treated as interest under Section 483 of the Code ((or any corresponding or similar provision of state, local or non-U.S. Applicable Law) or Section 1274 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law), as an adjustment to the Total Consideration for U.S. federal and, as applicable, state, local, and non-U.S. income Tax purposes, unless otherwise required by Applicable Law as determined in Buyer's reasonable discretion in consultation with the Representative.

(x) Survival. The terms, conditions and provisions of this Section 2.02(c) shall expressly survive the Closing.

(d) Consideration Spreadsheet. Prior to the Closing Date, the Company shall prepare and deliver to the Buyer Parties a spreadsheet (the "**Consideration Spreadsheet**"), certified by the President of the Company, which shall set forth, as of the Closing Date, the following: (i) the name of each Shareholder and the number of Company Shares held by each such Shareholder; (ii) the allocation of the Total Consideration among the Shareholders, including the detail of the allocations among the components of the Total Consideration to which such Shareholder is entitled, as applicable; (iii) each Shareholder's Shareholder Percentage; and (iv) the name of each Person to receive a payment (including Transaction Expenses, the Escrowed Consideration and the Expense Fund) at the Closing, the amount payable to each such Person, and wire instructions for each such Person. The parties agree that the Buyer Parties shall be entitled to rely on the Consideration Spreadsheet in making payments under Article II and the Buyer Parties shall not be responsible for the calculations or the determinations regarding such calculations in such Consideration Spreadsheet.

(e) Withholding. Each Buyer Party shall be entitled to deduct and withhold from the consideration otherwise payable to the Shareholders pursuant to this Agreement any amounts required to be deducted and withheld by it under any provision of Applicable Laws; provided that prior to any such deduction or withholding, the Buyer Party shall give any such Shareholder notice of its intention to deduct or withhold and provide reasonable cooperation to such Shareholder in minimizing or eliminating such deduction or withholding. If any Buyer Party so withholds amounts, such amounts shall be treated for all purposes of this Agreement as having been paid to the Shareholder from whom such deduction or withholding and payment to a Tax Authority was made.

2.03. Working Capital Determination.

(a) Prior to the Closing Date, the Company shall prepare and deliver to the Buyer Parties (i) an estimated consolidated balance sheet of the Company Entities as of the close of business on the day immediately prior to the Closing Date, together with supporting or back-up schedules and documentation reasonably requested by Parent (the "**Estimated Closing Date Balance Sheet**") and (ii) a calculation and statement of its estimated Net Working Capital as of the close of business on the day immediately prior to the Closing Date calculated from the Estimated Closing Date Balance Sheet (the "**Estimated Statement**"). The Company shall prepare the Estimated Closing Date Balance Sheet and Estimated Statement in good faith and all assets, liabilities and other amounts included on the Estimated Closing Date Balance Sheet and Estimated Statement shall be determined in accordance with Parent's GAAP subject to Parent's good faith review and reasonable satisfaction. If the Net Working Capital set forth on the Estimated Statement (the "**Estimated Net Working Capital**") is less than the Net Working Capital Threshold Amount, then the Total Cash Consideration will be reduced by the amount of such deficiency. If the Estimated Net Working Capital is more than the Net Working Capital Threshold Amount, then the Total Cash Consideration will be increased by the amount of such excess, provided that such excess amount (the "**Holdback Amount**") shall be held back by the Buyer Parties until such time as the Net Working Capital is finally determined based upon the Closing Date Statement or pursuant to the procedures set forth in Section 2.04 below. Any adjustment pursuant to this Section 2.03 shall adjust the

consideration received by each Shareholder pro rata by its respective Shareholder Percentage multiplied by the total adjustment amount, subject to Section 2.03(c).

(b) As soon as practicable, but in no event later than 180 days following the Closing Date, Parent will prepare and deliver to the Representative a calculation and statement of the Net Working Capital as of the close of business on the day immediately prior to the Closing Date (the “**Closing Date Statement**”). Parent will prepare the Closing Date Statement in good faith and all assets, liabilities and other amounts included on the Closing Date Statement shall be determined in accordance with Parent’s GAAP. To the extent the Closing Date Statement varies from the Estimated Statement, Parent will furnish the Representative with the Closing Date Statement such supporting or back-up schedules and documentation as may be reasonably necessary to confirm such variances. The Representative agrees to cooperate with Parent in the preparation of the Closing Date Statement, including providing Parent with supporting or back-up schedules and documentation reasonably requested by Parent. After delivery of the Closing Date Statement, the Representative shall be granted reasonable access by the Buyer Parties to the books and records of the Buyer Parties for purposes of verifying the accuracy of the calculation and statement of Net Working Capital in the Closing Date Statement. The Representative may submit to Parent, not later than 45 days from the receipt of the Closing Date Statement from Parent, a list of any components of the Closing Date Statement with which the Representative disagrees, if any (a “**Closing Date Dispute Notice**”), in which case the disagreement shall be resolved pursuant to the procedures set forth in Section 2.04. If the Representative does not issue a Closing Date Dispute Notice on or prior to such date, the Closing Date Statement, as supplied to the Representative, shall be deemed to have been accepted and agreed to by, and shall be final and binding on, the parties to this Agreement.

(c) If the Net Working Capital, as finally determined based upon the Closing Date Statement or pursuant to the procedures set forth in Section 2.04, as applicable, is less than the Estimated Net Working Capital, then the amount of such deficiency shall be released promptly from the Holdback Amount, if any, and paid to Buyer (or if it shall direct, to Parent). If the amount of such deficiency owed to Buyer is less than the Holdback Amount, the remaining balance of the Holdback Amount shall be distributed to the Representative promptly after the final determination of the Net Working Capital on behalf of the Shareholders for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Any such payment to the Representative on behalf of the Shareholders shall be in cash by wire transfer of immediately available funds in accordance with wire transfer instructions provided to the Buyer Parties by the Representative. In the event that the Holdback Amount, if any, is insufficient to satisfy the amount of such deficiency, the Representative on behalf of the Shareholders shall within five Business Days tender to Buyer (or if it shall direct, to Parent), in cash, an amount equal to the amount not satisfied by the Holdback Amount or the Buyer Parties may elect, in their sole discretion, to claim any remaining deficiency as Damages pursuant to Article VIII. The Representative covenants and agrees to jointly instruct the Escrow Agent in writing as soon as reasonably practicable after the final determination of the Net Working Capital to make any disbursement required by this Section 2.03.

(d) If the Net Working Capital, as finally determined based upon the Closing Date Statement or pursuant to the procedures set forth in Section 2.04, as applicable, is greater than the Estimated Net Working Capital, then Buyer shall (or shall procure that Parent shall) pay the Holdback Amount, if any, to the Representative on behalf of the Shareholders for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Further, the Total Cash Consideration will be increased by an amount calculated as follows: (i) if there is a Holdback Amount, an amount equal to (A) the Net Working Capital less (B) the Net Working Capital Threshold Amount less (C) the Holdback Amount; and (ii) if there is no Holdback Amount, an amount equal to (A) the Net Working Capital less (B) the Estimated Net Working Capital. Buyer shall (or shall procure that Parent shall) promptly pay such amount to the Representative on behalf of the Shareholders for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Such payment shall be made promptly after the final determination of the Net Working Capital in cash by wire transfer of immediately available funds in accordance with wire transfer instructions provided to the Buyer Parties by the Representative.

(e) Notwithstanding anything in this Section 2.03 to the contrary, if, at the time Buyer is required to release, or procure the release of, the Holdback Amount, a Buyer Party has asserted a

claim for indemnification pursuant to Article VIII which exceeds the Escrowed Consideration not subject to claims at such time, Buyer shall be entitled to (or procure that Parent shall be entitled to) withhold payment of and offset against payment of the Holdback Amount (subject to Section 8.03(c)), the Buyer Parties' good faith estimate of the aggregate unpaid amount of such claim, such offset to be applied against the full amount of such Buyer Party's claim. The right of offset is subject to Section 8.03(c) and cumulative to any other rights or remedies the Buyer Parties may have. Once the claim for indemnification for which the withheld payment relates has been resolved by the parties, Buyer shall promptly pay (or procure that Parent shall promptly pay) to the Representative on behalf of the Shareholders any portion of the Holdback Amount withheld in excess of such resolved claim plus interest at the rate of 5% per annum from the date the Holdback Amount was due for further distribution by the Representative to the Shareholders in accordance with the Shareholder Percentages. Such payment shall be in cash by wire transfer of immediately available funds in accordance with the wiring instructions provided to the Buyer Parties by the Representative.

2.04. **Dispute Resolution.** In the event a Closing Date Dispute Notice or an Earnout Dispute Notice, as the case may be, is timely delivered to Parent by the Representative, Parent and the Representative shall negotiate thereafter for a period of up to 30 days in good faith to resolve any items of dispute. If, at the end of such period, Parent and the Representative do not resolve such items of dispute, Parent and the Representative shall promptly, but in any event, within ten days retain Ernst & Young LLP or, to the extent Ernst & Young LLP does not accept such designation, a reputable financial expert firm (the "**Expert Accountant**"). The Expert Accountant will act as an expert and not as an arbitrator. The Expert Accountant shall have access to all documents, records and work papers reasonably necessary to perform its function. The determination by the Expert Accountant applying the procedures described herein shall be final, binding, and conclusive on the parties hereto, absent fraud or manifest error and judgment may be entered thereon in a court of competent jurisdiction. Parent and the Representative shall use Commercially Reasonable Efforts to cause the Expert Accountant to make its determination within 30 days of its engagement, and the Buyer Parties, the Company, the Representative, the Shareholders and their respective employees or agents will cooperate with the Expert Accountant during its engagement. Parent and Representative shall instruct the Expert Accountant to consider only those items and amounts in the Closing Statement that are set forth in the Closing Date Dispute Notice or the Earnout Dispute Notice, as the case may be, which Parent and Representative are unable to resolve. Parent and Representative shall each submit a binder to the Expert Accountant and the other party promptly (and in any event within 30 days after the Expert Accountant's engagement), which binder shall contain such party's computation of the disputed items (calculated in accordance with the Accounting Principles) and information, arguments and support for such party's position. The Expert Accountant shall review such binders and base its determination solely on them in accordance with Parent's GAAP and in accordance with the definition of applicable components and methodologies of the Net Working Capital or Earnout Payments set forth herein, as the case may be. In resolving any disputed item, the Expert Accountant may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. All communications between a party and the Expert Accountant shall be in writing and shall be transmitted to the other party at the same time they are transmitted to the Expert Accountant and neither Parent nor Representative shall have *ex parte* communications with the Expert Accountant. The fees, costs and expenses of the Expert Accountant shall be shared by Parent and the Representative as follows: of the aggregate amount in dispute, if the Expert Accountant adopts Parent's position absolutely, the Representative on behalf of the Shareholders shall pay all such fees, costs and expenses, and if the Expert Accountant adopts the Representative's position absolutely, then the Buyer Parties shall pay all such fees, costs and expenses. If the Expert Accountant adopts a compromise between the two positions, then the Buyer Parties, on the one hand, and the Representative, on the other hand and on behalf of the Shareholders, shall share the fees, costs and expenses in inverse proportion to the relative success of each party, with the more successful party bearing a proportionately smaller share of the fees, costs and expenses. In addition, if the Expert Accountant adopts one of the party's position absolutely, the other party shall pay all reasonable fees, costs and expenses (including attorneys' and accountants' fees) incurred by the prevailing party related to or arising from the resolution of the Closing Date Dispute Notice or the Earnout Dispute Notice, as applicable. If the Expert Accountant adopts a compromise between the two parties' positions, then each party shall be responsible for its own costs and expenses related to or arising from the resolution of the Closing Date Dispute Notice or the Earnout Dispute Notice, as applicable.

2.05. **The Closing.**

(a) Time and Location. Subject to the terms and conditions in this Agreement, the closing of the Acquisition (the “**Closing**”) shall take place at the offices of Guyer & Regules at Plaza Independencia 811, Montevideo, Uruguay, at 9:30 am Uruguay time and remotely via the exchange of documents and signatures and the electronic transfer of funds on the date hereof, as applicable (the “**Closing Date**”). For purposes of this Agreement, the Closing shall be deemed to occur at 12:01 a.m. U.S. Central Time on the Closing Date, such that Buyer owns the Company Shares for the full Business Day of the Closing Date.

(b) Closing Deliveries of the Buyer Parties. At the Closing, the relevant Buyer Party shall deliver the Escrowed Consideration to the Escrow Agent and shall deliver or cause to be delivered to the applicable Shareholder all of the following:

(i) the payment of the Total Consideration to be paid at Closing as provided in Section 2.02(a) and the payment of the Expense Fund, the Indebtedness and the Shareholders’ Loan as detailed in the funds flow memorandum;

(ii) the Escrow Agreement, executed by Parent and the Escrow Agent;

(iii) the funds flow memorandum, executed by Parent;

(iv) each Restrictive Agreement, executed by Parent; and

(v) without limitation by specific enumeration of the foregoing, all other agreements, documents, instruments, certificates, or other items reasonably required to be delivered by a Buyer Party under this Agreement.

(c) Closing Deliveries of the Shareholders. At the Closing, the Shareholders shall deliver or cause to be delivered to the Buyer Parties all of the following:

(i) stock certificates evidencing the Company Shares, duly endorsed by each Shareholder;

(ii) the Escrow Agreement, executed by the Representative;

(iii) the funds flow memorandum, executed by the Representative;

(iv) the certified Consideration Spreadsheet contemplated by Section 2.02(d);

(v) each Restrictive Agreement, executed by the parties thereto (other than Parent);

(vi) a tail insurance policy under the Company’s errors and omissions policy (including directors and officers liability) for a term of no less than two years, in form and amounts reasonably agreed to by the Buyer Parties and the Representative;

(vii) resignations of each officer, director and, to the extent applicable, fiscal auditor of the Company Entities, evidence of acceptance by appropriate general meetings and appointments of directors and officers chosen by the Buyer Parties as disclosed in Schedule 2.05(c)(vii);

(viii) reserved;

(ix) transfer of ownership over trademarks disclosed and in benefit of the Company Entities as disclosed in Schedule 2.05(c)(ix);

(x) a consent in form and substance reasonably satisfactory to the Buyer Parties, duly executed by each spouse or domestic partner of a Shareholder, consenting to the transactions contemplated by this Agreement, in accordance with Exhibit 2.05(c)(x);

(xi) a certificate of an authorized officer of the Company certifying each Company Entity's Charter Documents and the minutes of board of directors' and partners' resolutions of SOFT OA S.R.L.;

(xii) a certificate of good standing or similar certificate to the extent the good standing concept is not recognized in such jurisdiction (i.e. certificate of existence and legal representation) for each Company Entity from the applicable Governmental Entity or by a notary public, dated no more than ten days prior to the Closing Date;

(xiii) evidence of the payment of all Indebtedness as of the Closing Date and, to the extent applicable, lien releases, payoff letters and lien termination statements as may be necessary to pay all Indebtedness and evidence the release and termination of all Encumbrances (other than Permitted Encumbrances) on any of the properties or assets of any Company Entity;

(xiv) an IRS Form W-8 duly executed by each Shareholder;

(xv) reserved;

(xvi) affidavit acknowledging the termination of the Shareholders' Agreement for purposes of submitting the same before the Registry of Commerce;

(xvii) evidence of the execution of the quota assignment deed of 100% of Martín Troisi's interest in SOFT OA SRL, a Company Entity, by Martín Troisi Ferrán, to Overactive SPA, a Company Entity and amendment of the former's articles of association allowing for the board of directors to be appointed by resolution of a partners' meeting;

(xviii) the minute books of the Company and the stock ledger (*Libro de Registro de Títulos Nominativos*) of the Company; and

(xix) without limitation by specific enumeration of the foregoing, all other agreements, documents, instruments, certificates, or other items reasonably required to be delivered by any Shareholder under this Agreement.

(d) Further Acts Performed at Closing.

(i) The Company shall be notified by the Shareholders and the Buyer of the transfer of the Company Shares and the transfer of the Company Shares is registered in the stock ledger (*Libro de Registro de Acciones Nominativas*) of the Company and such registry shall be signed by an authorized attorney-in-fact of the Shareholders, an authorized attorney-in-fact of the Buyer and statutory representatives of the Company, in accordance with section 333 of law 16,060.

(ii) Two shareholders meetings of the Company shall take place on the Closing Date, as follows: (A) the first one, prior to the transfer of the Company Shares, whereby the Shareholders as shareholders of the Company, approve the performance of the outgoing directors of the Company; and (B) the second one, which occurs after the transfer of the Shares, whereby the Buyer modifies the composition of the board of directors of the Company, designating Paul E. Martin, Cameron Walbert and Nicolás Chiappara Algorta as board members of the Company. The outgoing board members of the Company shall gather the acceptance of the new board members of the Company in accordance with Section 380 of law 16,060, through a board meeting minute executed by both the outgoing and the new board members.

(iii) The execution of an affidavit (*Declaratoria*) by the Company pursuant to Uruguayan Law 17,904 identifying the new composition of the board of directors of the Company.

**ARTICLE III.
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY**

The Principal Shareholders jointly and severally (with respect to themselves and with respect to all Shareholders) represent and warrant to the Buyer Parties, and each Shareholder (other than the Principal Shareholders) severally but not jointly (pro rata to their respective Shareholder Percentage) represent and warrant to the Buyer Parties, that the statements contained below are true and correct as of the date hereof, except as set forth in the disclosure schedule (the “**Disclosure Schedule**”) delivered to the Buyer Parties, on the date hereof. The disclosures in any section or subsection of the Disclosure Schedule shall qualify other sections and subsections in this Article III where it should be reasonably apparent that such disclosure relates to other such sections and subsections. When used herein, the term “**to the knowledge of the Shareholders**” or words of comparable import, means facts or circumstances (a) within the actual knowledge of the Knowledge Persons after having conducted a commercially reasonable inquiry, or (b) which should reasonably be expected to be known or otherwise discovered by such individuals during the performance of their ordinary duties.

3.01. **Organization; Qualification.** Each Company Entity is duly incorporated or organized, as applicable, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, which jurisdictions are listed on Schedule 3.01, and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Each Company Entity is duly qualified and in good standing (with respect to any jurisdiction which recognizes such concept) to do business in each jurisdiction in which the nature of such Company Entity’s business and operations or the character or location of the properties and assets owned by it and used in such Company Entity’s business and operations makes such qualification necessary, which jurisdictions are listed on Schedule 3.01 and such jurisdictions are the only jurisdictions in which the nature of its business or operations or the ownership or leasing of its properties and assets makes qualification necessary, except where failure to be so qualified would not reasonably be expected to have a Company Material Adverse Effect. The Company has delivered to the Buyer Parties true and complete copies of each Company Entity’s Charter Documents. No Company Entity is in violation of any of the provisions of its Charter Documents. Each Company Entity is solvent and able to pay its debts when they become due to be paid. Except as set forth on Schedule 3.01, no Company Entity holds or has, or has ever owned, held or had, directly or indirectly, any interest in any capital stock or other equity interests, or rights or obligation to acquire capital stock or other equity interests of any other Person. No Company Entity is, or has agreed to become, a member of any partnership (incorporated or unincorporated) or any unincorporated association, joint venture or consortium. Except as set forth on Schedule 3.01, there are no outstanding powers of attorney executed by or on behalf of a Company Entity.

3.02. **Capital Structure.**

(a) **Equity Interests.** As of the date hereof, the authorized capital stock of the Company consists of 16,481,119.79 Company Shares. At the date hereof, there are 16,481,119.79 Company Shares, all of which are owned by the Shareholders and in the amounts as set forth on Schedule 3.02(a), and there are no other issued or outstanding shares of capital stock of the Company. All of the Company Shares are held beneficially and of record by the Shareholders set forth on Schedule 3.02(a) free and clear of all Encumbrances. All of the Company Shares have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive rights. All of the Company Shares have been issued in compliance with all Applicable Laws. With respect to each Company Entity other than the Company: (i) the authorized equity interests of such Company Entity are set forth on Schedule 3.02(a); (ii) there are no other issued or outstanding shares of capital stock of such Company Entity; (iii) all of the issued and outstanding equity interest of such Company Entity are held beneficially and of record by the Company, free and clear of all Encumbrances; (iv) all of the issued and outstanding equity interests of such Company Entity have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive rights; and (v) all of such equity interests have been issued in compliance with all Applicable Laws.

(b) **Agreements.** Except as set forth on Schedule 3.02(a) or Schedule 3.02(b), there are no outstanding securities convertible into or exchangeable or exercisable for Company Shares or other equity interests or ownership interest of any Company Entity, or options, warrants or other rights to

acquire capital stock or other equity interest or ownership interests in Company Entity. Neither the Company Shares nor any other equity interests or ownership interest of any Company Entity is subject to any voting trust agreement or any other Contract relating to the acquisition (including rights of first refusal or preemptive rights), registration under any Applicable Laws, voting, dividend rights or disposition. Other than the Shareholders, no other Person shall have any claim to or interest in any of the Total Consideration paid by the Buyer Parties hereunder.

3.03. **Authority and Due Execution.**

(a) **Authority.** The Company has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which the Company is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated in this Agreement and the other Transaction Documents to which the Company is a party. The execution, delivery and performance of this Agreement and the other Transaction Documents to which the Company is a party, and the consummation by the Company of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the Company and no other proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Company is a party or to consummate the transactions contemplated hereby or thereby.

(b) **Due Execution.** This Agreement and each other Transaction Document to which the Company is a party have been duly and validly executed and delivered by the Company and, assuming due execution and delivery by the Buyer Parties and any other party hereto and thereto (other than the Company), this Agreement and each other Transaction Document to which the Company is a party, constitutes the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including without limitation all Applicable Laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.04. **Non-Contravention; Consents.**

(a) **Non-Contravention.** The execution and delivery of this Agreement and the other Transaction Documents to which the Company is a party do not, and the performance of this Agreement and the other Transaction Documents by the Company will not (i) conflict with or violate the Charter Documents of any Company Entity, (ii) conflict with or violate any Applicable Laws, or (iii) result in any breach or violation of or constitute a default (or any event, which, with notice or lapse of time, or both would constitute a default) under, alter the rights or obligations of any third party under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of an Encumbrance on any asset of a Company Entity pursuant to any Material Contract to which a Company Entity is a party or otherwise subject, except as set forth in Schedule 3.04(b).

(b) **Consents.** Except as set forth on Schedule 3.04(b), no Consent is required to be obtained under any Material Contract in connection with the execution, delivery or performance by the Company of this Agreement or any other Transaction Document by the Company or the consummation of the transactions contemplated hereby and thereby.

3.05. **Material Contracts.**

(a) Schedule 3.05(a) sets forth a list of all Material Contracts, including the name of the parties thereto (including the applicable Company Entity), the date of each such Material Contract and each amendment thereto. Except as set forth on Schedule 3.05(a), (i) each Material Contract is legal, valid and binding upon the applicable Company Entity and, to the knowledge of the Shareholders, on the other parties thereto and in full force and effect, (ii) the applicable Company Entity has performed all material obligations required to be performed by it to date (or to the extent of any breach, the same has been remedied) and is entitled to all material benefits under each such Material Contract, (iii) the applicable Company Entity is not, and to the knowledge of the Shareholders, no other party is in breach or

default in any material respect under any Material Contract, (iv) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a material breach or default of the applicable Company Entity under any Material Contract, (v) the applicable Company Entity has not received written notice within the past 12 months that any party to a Material Contract intends to terminate such Material Contract, and (vi) the consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which the Company is a party will not give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any Material Contract. The Company has provided to the Buyer Parties true and complete copies of all Material Contracts including all amendments, terminations and modifications thereof.

(b) No Material Contract: (i) was entered into on the basis that the applicable Company Entity constituted, or asserted that it is, was or will be, a minority business, a disadvantaged business enterprise, or a woman-owned business enterprise or was entitled to any preferential or set aside status afforded by Applicable Law; (ii) entitles the applicable Company Entity to any benefit as a result of the applicable Company Entity's actual or asserted status as a minority business, a woman-owned business enterprise, a disadvantaged business enterprise, or other preferential status afforded by Applicable Law; or (iii) contains a representation, warranty, covenant or requirement that the applicable Company Entity is, was or will be a minority business, a woman-owned business enterprise, or a disadvantaged business enterprise, or entitled to other preferential status afforded by Applicable Law.

3.06. **Title to Assets; Sufficiency.**

(a) Each Company Entity has good and marketable title to, or valid leasehold interests in, all of the assets owned, held or used by such Company Entity (other than any licensed or leased assets, as to which such Company Entity has valid licenses or leasehold interests) and owns all of such assets (including such licenses or leasehold interests) free and clear of any Encumbrances, other than Permitted Encumbrances. Such assets constitute all of the assets necessary or used to conduct the business of such Company Entity as it is presently conducted. No such asset is owned by any other Person without a valid and enforceable right of such Company Entity to use and possess such assets.

(b) Schedule 3.06 lists all material items of Personal Property owned or leased by a Company Entity. Such Personal Property is adequate for the conduct of the business of such Company Entity as currently conducted and in good operating condition, regularly and properly maintained, subject to normal wear and tear. Each Company Entity has sole and exclusive ownership of, free and clear of any Encumbrances other than Permitted Encumbrances, and the valid right to use, unrestricted by contract, all of its customer lists, customer contact information, customer correspondence and customer licensing and purchasing histories relating to current and former customers of such Company Entity and their transaction of business with such Company Entity, in each case except as prohibited or restricted by Applicable Law. No Person other than a Company Entity possesses any licenses, claims or rights with respect to the use of any such customer information owned by a Company Entity.

(c) The computer software, hardware, systems, databases and information technology services used in the operation of the Company Entities' business (the "**Computer System**") are sufficient, in all material respects, for the immediate needs of such business, including any remote work arrangements implemented in response to or as a result of the COVID-19 pandemic and restrictions imposed or recommended by any applicable Governmental Entity in response to such pandemic. The Company Entities have arranged for disaster recovery or back-up data processing services reasonable to meet the Company Entities' data processing needs in all material respects in the event the Computer System or any of its material components is rendered temporarily or permanently inoperative as a result of a natural or other disaster, and is tested at least on an annual basis. The Computer System has not suffered any failures, errors or breakdowns in the Computer System within the past 12 months that have caused any substantial disruption or material interruption in the Company Entities' business. Each Company Entity has taken Commercially Reasonable Efforts to protect and maintain the security, operation and integrity of the material Computer Systems, and all information stored or contained therein or transmitted thereby. Each Company Entity has taken Commercially Reasonable Efforts to ensure that all such Computer Systems (i) are free from any bug, virus or programming, design or documentation error or corruption or material defect that could reasonably be expected to result in a substantial

disruption or interruption in such Company Entity's business, and (ii) are fully functional and operate and run in a reasonable and efficient business manner. Such Computer Systems are sufficient for the conduct of the Company Entities' business as currently conducted.

3.07. **Financial Statements; Indebtedness.**

(a) Attached as Schedule 3.07(a) are true and complete copies of the (i) audited consolidated financial statements of the Company Entities (consisting of the statement of financial position, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows) as of and for the years ended December 31, 2020 and 2019, and (ii) the unaudited consolidated financial statements of the Company Entities (consisting of the statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows) as of and for the eight-month period ended August 31, 2021 (collectively, the "**Financial Statements**"). The Financial Statements have been prepared in accordance with the Accounting Principles (except that the interim Financial Statements do not contain all notes required by the Accounting Principles and the interim Financial Statements are subject to normal year-end adjustments which will not be material in amount in the aggregate) consistently applied and in accordance with historic past practices throughout the periods involved and fairly present in all material respects the financial position and results of operations of the Company Entities as of the dates, and for the periods, indicated therein.

(b) Except as set forth in the Financial Statements, no Company Entity has any material liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to the date of the most recent Financial Statements, (ii) liabilities under Contracts incurred in the ordinary course of business which are not required under the Accounting Principles to be reflected in the Financial Statements and (iii) any debts, liabilities or obligations arising out of the transactions contemplated by this Agreement and the other Transaction Documents to which the Company is a party. For all periods covered by the Financial Statements, the Company Entities have maintained a standard system of accounting established and administered in accordance with the Accounting Principles. No Company Entity has any Personal Property, assets, accounts or monies owed subject to the unclaimed property laws of any state or other jurisdiction.

(c) No Company Entity has, or is otherwise subject to, any Indebtedness of any type (whether accrued, absolute, contingent, matured, unmatured or other and whether or not required to be reflected in the Financial Statements) that is not fully reflected on Schedule 3.07(c). Schedule 3.07(c) lists each item of Indebtedness identifying the applicable Company Entity, creditor including name and address, the type of instrument under which the Indebtedness is owed and the amount of the Indebtedness as of the Business Day immediately prior to the date hereof. With respect to each item of Indebtedness, the applicable Company Entity is not in default, no payments are past due, and to the knowledge of the Shareholders, no circumstance exists that, with notice, the passage of time or both, could constitute a default by such Company Entity under any item of Indebtedness. No Company Entity has received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any item of Indebtedness that has not been fully remedied and withdrawn. Except as provided on Schedule 3.07(c), the consummation of the transactions contemplated by this Agreement or any other Transaction Document to which the Company is a party will not cause a default, breach or an acceleration, automatic or otherwise, of any conditions, covenants or any other terms of any item of Indebtedness. No Company Entity is a guarantor or otherwise liable for any liability or obligation (including indebtedness) of any other Person including any other Company Entity. As of the Closing Date, the Company Entities will have repaid all Indebtedness. All amounts payable under the PPP Loan Note have been forgiven in accordance with the terms thereof, and no Company Entity has any further Liability thereunder.

3.08. **Absence of Certain Changes or Events.** Except as set forth on Schedule 3.08, since December 31, 2020, each Company Entity has conducted its business in the ordinary course of business and, without limiting the generality of the foregoing, there has not been any Company Material Adverse Effect since such date, and, to the knowledge of the Shareholders, no fact or condition specific to the Company Entities exists since such date which would reasonably be expected to have a Company Material Adverse Effect.

3.09. **Accounts Receivable.** Schedule 3.09 sets forth all outstanding Accounts Receivable as of the date of this Agreement, with a range of days elapsed since the invoice date for each such Account Receivable, and the aggregate amount of reserves or allowances for doubtful accounts in the aggregate. All such Accounts Receivable are bona fide, arose in the ordinary course of business and are collectible in the book amounts thereof, less the allowance for doubtful accounts and returns which are adequate. All such Accounts Receivable have been recorded in accordance with the Accounting Principles as reflected in the Financial Statements. None of such Accounts Receivable is subject to any factoring, purchase or other similar arrangement. Except as set forth on Schedule 3.09, none of such Accounts Receivable is subject to any material claim of offset or recoupment or counterclaim, subject to allowances and accruals for bad debt as reflected in the Financial Statements, and the Company has no knowledge of any specific facts that would reasonably be expected to give rise to any such claim. Except as set forth on Schedule 3.09, no material amount of such Accounts Receivable is contingent upon the performance by the applicable Company Entity of any obligation which will not have been performed in a satisfactory manner by such Company Entity prior to the Closing Date. Except as set forth on Schedule 3.09, no request or agreement for deduction, discount or delayed or deferred payment terms has been made with respect to any of such Accounts Receivable. No Company Entity has any fixed fee project with a customer that is expected to result in a net loss to such Company Entity which would require such Company Entity to treat the underlying arrangement as a “loss contract” under the Accounting Principles, except as set forth on Schedule 3.09 and to the extent the estimated loss from such arrangement is reflected in the Estimated Closing Date Balance Sheet.

3.10. **Business; Restrictions on Business Activities.** Each Company Entity is and has always been engaged in the business of software strategy, design, architecture, engineering and development services, software migration services, mobility services, application enhancement services, application assessment services, user experience design services, visual design services, service design services, application management services, cloud services, DevOps services, infrastructure services, quality engineering services, quality assurance services, testing automation services, robotic process automation services, enterprise evolution services, process assessment services, tech assessment services, agile methodology services, business analysis & security services, innovation and trends services, artificial intelligence services, data science services, data manipulation services, data engineering services, data visualization services, data prediction services and technology staffing augmentation services. No Company Entity has engaged in any other business. No Company Entity has entered into any agreement and is not otherwise subject to any judgment, injunction, order or decree, under which such Company Entity is, or any Buyer Party or any of their respective Affiliates after the Closing would reasonably be expected to be, restricted from selling, licensing or otherwise distributing any of its technology or products or from providing services to customers or potential customers or any class of customers, in any geographic area, during any period of time or in any segment of any market or otherwise having the effect of prohibiting or impairing any business practice of such Company Entity, any Buyer Party or any of their respective Affiliates, any acquisition or sale of property by such Person or the conduct of such Person’s business as currently conducted or proposed to be conducted, whether before or after the Closing.

3.11. **Legal Proceedings.** There is no claim, action, suit or proceeding, or governmental inquiry or investigation, pending, or to the knowledge of the Shareholders, threatened, against any Company Entity, its assets, a Shareholder, in his capacity as such, or any officer, director, manager or employee of a Company Entity in his or her capacity as such, nor to the knowledge of the Shareholders is there any basis for any such claim, action, suit, proceeding, inquiry or investigation (except for any immaterial claim or complaint by a customer in the ordinary course of business). There is no judgment, decree or order against a Company Entity or adversely affecting a Company Entity which restricts such Person’s ability to conduct its business in any area where it is currently conducting such business. Schedule 3.11 lists all litigation that a Company Entity has pending or threatened against any other Person.

3.12. **Taxes.**

(a) (i) All Tax Returns which were required to be filed by a Company Entity have been duly and timely filed (taking into account any applicable extensions), (ii) all items of income, gain, loss, deduction and credit or other items required to be included in each such Tax Return have been so included and all such Tax Items and any other provision in each such Tax Return is true, correct and

complete in all material respects, (iii) all Taxes owed by a Company Entity which have become due have been timely paid in full, (iv) no penalty, interest or other charge is or will become due with respect to the late filing of any such Tax Return which should have been filed before the Closing Date or late payment of any such Tax, and (v) all Tax withholding and deposit requirements imposed on or with respect to a Company Entity have been satisfied in full in all respects. Each Company Entity has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid to any employee, independent contractor, creditor, shareholder, or other third party, and all Forms W-2 and 1099 (or any similar form or return or the equivalent thereof in any other relevant jurisdiction or under any relevant non-U.S. law or regulation, including any form required by DGI Resolutions 662/007 and 501/011) required with respect thereto have been properly completed and timely filed.

(b) There are no Encumbrances on a Company Entity, its business or assets with respect to any Taxes (other than Permitted Encumbrances). There are no ongoing, pending or to the knowledge of the Shareholders, threatened audits, investigations, claims, proposals or assessments for or relating to any Taxes or Tax Returns of a Company Entity relating to its business or assets. There are no matters under discussion with any Tax Authority with respect to Taxes or Tax Returns of a Company Entity that could result in any additional amount of Taxes with respect to its business or assets.

(c) Schedule 3.12(c): (i) lists all U.S. federal, national, state, district, municipal, local and non-U.S. Tax Returns filed with respect to the Company Entities for annual taxable periods ended on or after December 31, 2015 and the monthly tax returns for VAT for the past 12 months; (ii) indicates those Tax Returns that have been audited; (iii) indicates those Tax Returns that are currently the subject of audit; (iv) indicates those Tax Returns whose audits have been closed; and (v) indicates those for which amendments were filed. The Company Entity has delivered to Parent true, correct and complete copies of all Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by a Company Entity since December 31, 2015.

(d) There is no claim against a Company Entity for any Taxes that remains unpaid, and no assessment, deficiency or adjustment has been asserted, proposed, or threatened in writing with respect to any Tax Return of or with respect to a Company Entity. There are no requests for rulings or determinations, or applications requesting permission for a change in accounting practices, in respect of Taxes of a Company Entity, pending with any Governmental Entity.

(e) Except as set forth on Schedule 3.12(e), there is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to a Company Entity or any waiver of any statute of limitations or agreement for any extension of time for the assessment or payment of any Tax of or with respect to a Company Entity.

(f) There are no Tax allocation, sharing or indemnity agreements or arrangements affecting the Company Entities (other than agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes). No Company Entity (i) has ever been a member of an affiliated, consolidated or unitary group (other than a group whose members are all Company Entities) or (ii) has liability for the Taxes of any Person jointly or severally (including, but not limited to, pursuant to Treasury Regulation Section 1.1502-6 (or any corresponding or similar provision of state, local or non-U.S. Applicable Law), as transferee or successor, by contract, as a result of any express or implied obligation to indemnify or pay the Tax obligations of another Person or under similar grounds (other than pursuant to agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes). All amounts payable with respect to (or by reference to) Taxes pursuant to those agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes have been timely paid in accordance with the terms of such agreements.

(g) Accurately set forth in Schedule 3.12(g) is a list of all states, counties, cities and other taxing jurisdictions (whether non-U.S. or domestic) to which any Tax is properly payable by a Company Entity. No claim has ever been made in writing by any Tax Authority in a jurisdiction where a Company Entity does not file Tax Returns that such Company Entity is or may be subject to taxation by that jurisdiction.

(h) No Company Entity has made any payments, is obligated to make any payments, or is a party to any agreement that under certain circumstances could obligate it to make any payments in connection with the transaction contemplated by this Agreement, in each case, if such payment will not be deductible under Applicable Laws.

(i) The aggregate amount of the unpaid Tax liabilities of the Company Entities for all Tax periods ending on or before the date of the most recent Financial Statements are reflected on the Financial Statements as of the dates thereof (excluding any reserves for deferred Taxes). The aggregate amount of the unpaid Tax liabilities of the Company Entities for all Pre-Closing Tax Periods (and, with respect to a Straddle Period, the portion of such Straddle Period ending on (and including) the Closing Date (determined in accordance with Section 6.02(c))) will not exceed the aggregate amount of the unpaid Tax liabilities of the Company Entities as reflected on such Financial Statements (excluding any reserves for deferred Taxes), as adjusted for the operations and transactions in the ordinary course of business of Company Entities for the period from the date of the most recent Financial Statements to and including the Closing Date consistent with the past custom and practice of Company Entities.

(j) No Company Entity (i) is a party or subject to any joint venture, partnership or other arrangement or contract that could be treated as a partnership for U.S. federal income Tax purposes, (ii) owns an interest in any controlled foreign corporation (as defined in Section 957 of the Code), passive foreign investment company (as defined in Section 1297 of the Code) or other entity the income of which is or could be required to be included in the income of its direct or indirect equity holder (collectively, a “**Flow-Thru Entity**”), or (iii) is (or has ever been) a Flow-Thru Entity.

(k) No Company Entity has been, in the past five years, a party to a transaction reported or intended to qualify as a reorganization under Section 368 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law). During the last two years, no Company Entity has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law).

(l) No Buyer Indemnitee or any Company Entity (or any Affiliate thereof) will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period as a result of any: (i) change in accounting method requested or occurring on or prior to the Closing Date (or as a result of the use of an impermissible method) or an adjustment pursuant to Section 481 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law); (ii) an agreement entered into with any Governmental Entity (including a “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law)) executed on or prior to the Closing Date; (iii) an installment sale transaction occurring on or before the Closing governed by Code Section 453 (or any corresponding or similar provision of state, local or non-U.S. Applicable Law); (iv) a transaction occurring on or before the Closing reported as an open transaction for U.S. federal income Tax purposes (or any corresponding or similar provision of state, local or non-U.S. Applicable Law); (v) use on or prior to the Closing Date of the completed contract method of accounting, long term contract method of accounting or cash method of accounting; (vi) any prepaid amount received or paid on or prior to the Closing Date or deferred revenue realized or received on or prior to the Closing Date; (vii) transactions effected or investments made prior to the Closing that result in taxable income pursuant to Code Section 965 (or any corresponding or similar provision of state, local or non-U.S. Applicable Law); (viii) any gain recognition agreement to which any Company Entity is a party prior to the Closing under Code Section 367 (or any corresponding or similar provision of state, local or non-U.S. Applicable Law); or (ix) any COVID-19 Measure attributable to a Pre-Closing Tax Period.

(m) No Buyer Indemnitee or any Company Entity (or any Affiliate thereof) will be required to include any amount in income pursuant to Section 965 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law) or pay any installment of the “net tax liability” described in Section 965(h)(1) of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law) for any Post-Closing Tax Period.

(n) No Company Entity has deferred the inclusion of any amounts in taxable income pursuant to IRS Revenue Procedure 2004-34, Treasury Regulations Section 1.451-5 (or any corresponding or similar provision of state, local or non-U.S. Applicable Law), or Sections 451(c), 455, 456 or 460 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law) (irrespective of whether or not such deferral is elective).

(o) No Company Entity has entered into any agreement or arrangement with any Tax Authority that requires such Company Entity (or any successor company) to take any action or to refrain from taking any action. No Company Entity is a party to any agreement with any Tax Authority that would be terminated or adversely affected as a result of the transactions contemplated by this Agreement.

(p) All payments by or to any Company Entity comply with all applicable transfer pricing requirements imposed by any Governmental Entity. Each Company Entity has maintained documentation required under Applicable Law for all material transactions subject to transfer pricing laws or regulations and has provided to the Buyer Parties accurate and complete copies of all such transfer pricing documentation prepared during the past five years.

(q) Each Company Entity is in compliance with all terms and conditions of any Tax exemption, Tax holiday or other Tax reduction agreement or order of a Tax Authority (collectively, a “**Tax Incentive**”). No Company Entity is subject to a Tax Incentive that will terminate (or be subject to a clawback or recapture) as a result of the transactions contemplated by this Agreement. There is no potential for any Tax Incentive that was realized on or prior to the Closing Date to be subject to recapture as a result of any actions or activities prior to the Closing Date.

(r) There is no material property or obligation of the Company Entities, including uncashed checks to vendors, customers, or employees, non-refunded overpayments, or unclaimed subscription balances, that is escheatable to any Governmental Entity under any Applicable Laws as of the date hereof or that may at any time after the date hereof become escheatable to any Governmental Entity under any Applicable Laws.

(s) Each Company Entity is and has since its incorporation been resident for all Tax purposes only in its jurisdiction of incorporation. Schedule 3.12(s) lists each Company Entity’s status for U.S. federal income tax purposes, and whether an election has been made under Treasury Regulation Section 301.7701-3 with respect to the status of each Company Entity. No Company Entity has nor has ever had a branch, agency or permanent establishment outside of its jurisdiction of incorporation.

(t) No Company Entity has (i) deferred the employer’s share of any “applicable employment taxes” (as defined in Section 2302(d)(1) of the CARES Act), or (ii) deferred any payroll tax obligations (including those imposed by Sections 3101(a) and 3201 of the Code) pursuant to any COVID-19 Measure.

(u) No Company Entity owns an interest in “United States real property” within the meaning of Section 897 of the Code. No Company Entity is subject to any gain recognition agreement under Section 367 of the Code. No Company Entity has an “overall foreign loss” within the meaning of Section 904(f) of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law). No Company Entity has participated in or cooperated with any international boycott within the meaning of Section 999 of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law).

3.13. **Employee Benefit Plans.**

(a) Schedule 3.13(a) contains a true and complete list of each Company Benefit Plan. With respect to each Company Benefit Plan, the Company has delivered to the Buyer Parties true and complete copies (as applicable) of the plan documents and summary plan descriptions, the most recent actuarial reports (including any estimates of retiree medical liabilities), and all related trust agreements, insurance contracts and other funding agreements associated with such Company Benefit Plan.

(b) With respect to each Company Benefit Plan (and each related trust, insurance contract or fund), no event has occurred and there exists no condition or set of circumstances, in connection with which a Company Entity would be subject to any material liability under any Applicable Law.

(c) All contributions (including all employer contributions and employee salary reduction contributions) that are due and owing have been paid to each Company Benefit Plan (or related trust or held in the general assets of the Company or accrued, as appropriate), as required by Applicable Law, and all contributions for any period ending on or before the Closing Date that are not yet due have been paid to each Company Benefit Plan or accrued in accordance with the past custom and practice of the Company Entities.

(d) Each Company Benefit Plan (and each related trust, insurance contract or fund) has in all material respects been administered and operated in material compliance with the terms of the applicable controlling documents and with the applicable provisions of all Applicable Laws. Each Company Benefit Plan (including any material amendments thereto) that is capable of approval by, or registration for or qualification for special tax status with, the appropriate taxation, social security or supervisory authorities in the relevant jurisdiction has received such approval, registration or qualification or there remains a period of time in which to obtain such approval, registration or qualification retroactive to the date of any material amendment that has not previously received such approval, registration or qualification.

(e) Except as set forth on Schedule 3.13(e), no Company Entity maintains or contributes to, and has not ever maintained or contributed to, any Company Benefit Plan providing medical, health or life insurance or other welfare type benefits for current or future retired or terminated employees, their spouses or their dependents that cannot be unilaterally terminated by the Company.

(f) There are no unresolved claims or disputes under the terms of, or in connection with, any Company Benefit Plan (other than routine undisputed claims for benefits), and no action, legal or otherwise, has been commenced with respect to any such claim or dispute.

(g) Except as set forth on Schedule 3.13(g), neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, manager, officer, employee, independent contractor or consultant of a Company Entity to severance pay or any other payment; (ii) cause the payment of any premium, penalty or change of control payment required to be paid or offered as a result of the consummation of the transactions contemplated by this Agreement or the other Transaction Documents regardless if any such are actually paid; (iii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; or (iv) increase the amount payable under or result in any other material obligation pursuant to any Company Benefit Plan.

3.14. **Employment Matters.**

(a) To the knowledge of the Shareholders, no Continuing Employee or Continuing Independent Contractor has any plan or intention to terminate employment or engagement with the applicable Company Entity within 90 days immediately following the Closing Date. Schedule 3.14(a) contains a true and complete list of all Persons employed by the Company Entities, separated by Company Entity (and no other Person has an outstanding offer of employment from a Company Entity as of the date of this Agreement), including the respective dates of hire of each, a description of material compensation arrangements (other than Company Benefit Plans set forth in Schedule 3.13(a)), a list of any other material agreements affecting such Persons, whether each such Person is actively at work or on inactive or leave status, the reason for such inactive or leave status, the date the inactive or leave status started, and the anticipated date of such Person's return to work from such inactive or leave status.

(b) As of this date, no Continuing Employee is party to or is bound by any agreement or commitment, or subject to any restriction, including agreements related to previous employment, containing confidentiality, non-compete or similar restrictive covenants, which now or in the future may

adversely affect the business of the Company Entities or the performance by any of the Continuing Employees of their duties for the Company Entities or the Buyer Parties.

(c) None of the employees of the Company Entities is represented by a labor or trade union, and no Company Entity is subject to any collective bargaining or similar agreement with respect to any of its employees. There is no labor dispute, strike, work stoppage or other labor trouble (including any organizational drive) against a Company Entity pending or, to the knowledge of the Shareholders, threatened.

(d) Except as set forth on Schedule 3.14(d), no Company Entity, nor to the knowledge of the Shareholders, any employee or representative of a Company Entity has committed or engaged in any material breach of any Employment Laws or any other statute, contract or other obligation owed to employees or employee representatives in connection with the conduct of the Company Entities' business, and there is no action, suit, claim, charge or complaint against a Company Entity pending or, to the knowledge of the Shareholders, threatened relating to any labor, statutory, contractual, safety or discrimination matters involving any employee of a Company Entity, including charges of breach of statute, Applicable Laws, Contract or other obligation owed to employees or employee representatives or discrimination complaints and no event or condition exists which is reasonably likely to result in any such matters, charges or complaints.

(e) All of the Company Entities' employees are employed without a fixed term. Each Company Entity is in compliance in all material respects with all employment and consulting agreements and in the past three years has not received any notice from an employee, consultant or contractor that any term of any such contract has been breached. No notice to terminate the contract of employment of any employee (whether given by the applicable Company Entity or by the employee) is pending, outstanding or, to the knowledge of the Shareholders with respect to notices sent by an employee, threatened.

(f) Each individual in a consultant or independent contractor relationship with a Company Entity and the applicable Contract between the individual and the applicable Company Entity are set forth on Schedule 3.14(f). Each individual in a consultant or independent contractor relationship with a Company Entity is in fact an independent contractor and is not an employee, to the extent applicable under Applicable Law. There are no Contracts with any consultant or independent contractor other than those set forth on Schedule 3.14(f). Each independent contractor relationship with a Company Entity has been executed, delivered and performed by such Company Entity in compliance with all Applicable Laws and, to the knowledge of the Shareholders, each independent contractor party thereto has complied with all Applicable Laws in his, her or its execution, delivery and performance thereof. Each Company Entity is and has been in compliance, in all material respects, with all Workers' Compensation Acts. Except as set forth on Schedule 3.14(f), there are no agreements, promises or commitments providing for cash or other compensation or benefits to any employee as a result of the consummation of the transactions contemplated by this Agreement or the other Transaction Documents.

(g) To the knowledge of the Shareholders, none of the Continuing Employees has, within the last five years, been convicted of or plead guilty to any crime constituting a felony or involving dishonesty, false statement, theft, fraud, or sexual misconduct.

3.15. Applicable Laws; Anti-Bribery and Anti-Corruption; Data Privacy; Permits.

(a) No Company Entity is in conflict with, or in default or in violation of, any Applicable Laws in any material respect. Each Company Entity has complied, and is in compliance, with all restrictions imposed or recommended by any Governmental Entity in response to the COVID-19 pandemic. No investigation or review by any Governmental Entity is pending, or to the knowledge of the Shareholders, has been threatened, against a Company Entity. There is no agreement, commitment, judgment, injunction, order or decree by or with any Governmental Entity binding upon a Company Entity (except for any Applicable Law which applies generally to companies in the Company Entities' industries) or adversely impacting its assets. Each Company Entity is in compliance with all statutory and regulatory requirements under applicable anti-terrorism and anti-money laundering laws. No Company Entity has received any communication that alleges that such Company Entity or any of its

representatives, employees and other agents is in violation of, or has liability under any such laws in relation to such Company Entity.

(b) No Company Entity nor, to the knowledge of the Shareholders, any director, officer, agent, employee or Affiliate or any other Person acting on behalf of a Company Entity has (i) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977 (the “FCPA”); (ii) taken any unlawful action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any third party including a “foreign official” (as such term is defined in the FCPA); (iii) violated or is in violation of any provision of the Bribery Act 2010 of the United Kingdom, the OECD Convention on Bribery of Foreign Public Officials in International Business Transactions or any other applicable anti-bribery or anti-corruption law; (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment; or (v) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity.

(c) Each Company Entity has complied in all material respects with all Applicable Laws (including the General Data Protection Regulation (EU) 2016/679 (GDPR), Uruguayan Law 18,331 and regulatory decrees or any corresponding or equivalent national laws or regulations), as well as its own rules, policies and procedures, relating to privacy, data protection, and the collection, retention, protection, and use of Personal Information collected, used, or held for use by the Company Entities. No Company Entity has received any written notice or allegation regarding such Company Entity’s collection, use or disclosure of Personal Information. Except as set forth on Schedule 3.15(c), no breach, security incident or violation of any data security rule, policy or procedure in relation to a Company Entity’s data has occurred or is threatened, and there has been no unauthorized or illegal processing of any Company Entity’s data. No circumstance has arisen in which Applicable Law would require a Company Entity to notify a Governmental Entity or other third party of a data security breach.

(d) Each Company Entity holds, to the extent required by Applicable Law, all Permits required for the operation of the business of such Company Entity as presently conducted. Schedule 3.15(d) is a complete list of all such Permits. No suspension or cancellation of any such Permit is pending or, to the knowledge of the Shareholders, threatened, and each Company Entity is in compliance in all material respects with the terms of the Permits.

(e) Except as set forth on Schedule 3.15(e), no Company Entity, nor any of its officers, directors, managers or employees, nor, to the knowledge of the Shareholders, any agent or other third party representative acting directly or indirectly on behalf of, or pursuant to a Contract with, a Company Entity, is currently or since January 1, 2016 has been: (A) a Sanctioned Person, (B) organized, resident or located in a Sanctioned Country, (C) engaging, directly or indirectly, in any dealings or transactions with any Sanctioned Person or in any Sanctioned Country, or (D) otherwise in violation of applicable Sanctions Laws.

(f) No Company Entity nor, to the knowledge of the Shareholders, any director, manager, officer, agent, employee or affiliate or any other person acting on behalf of a Company Entity has been: (i) convicted of, charged with or, to the knowledge of the Shareholders, investigated for, or has engaged in conduct that would constitute, an offense related to any Government Program; or (ii) excluded from participating in any Government Program, subject to sanction pursuant to 42 U.S.C. § 1320a-7a or § 1320a-8, convicted of a crime described at 42 U.S.C. § 1320a-7b, or debarred or suspended from any federal or state procurement or nonprocurement program by any Governmental Entity, nor are any such exclusions, sanctions, charges, debarments or sanctions pending or, to the knowledge of the Shareholders, threatened.

(g) The Company has provided to the Buyer Parties accurate and complete copies of the compliance policies and procedures and privacy notices of each Company Entity relating to Information Privacy or Security Laws.

(h) No Company Entity (i) is, to the knowledge of the Shareholders, under investigation by any Governmental Entity for a violation of any Information Privacy or Security Law

relating to its ownership or operation of the business or its assets, and (ii) has received any written notices from any Governmental Entity relating to any such violation.

(i) No Company Entity has acted in any manner, and to the knowledge of the Shareholders, there has not been any incident involving a Company Entity, that would trigger a notification or reporting requirement under any HIPAA business associate agreement or any Information Privacy or Security Law, including a breach with respect to any Unsecured Protected Health Information (as such terms are defined in 45 C.F.R. § 164.402).

(j) The Shareholders have provided true, correct and complete information for incorporation into the notification to the Colombian Superintendency of Industry and Commerce regarding the transactions contemplated by this Agreement.

3.16. **Product Warranties; Services.** Schedule 3.16 sets forth (a) a description of the express or implied warranties, written or oral, if any, with respect to the products or services of the Company Entities, (b) a description of each outstanding warranty claim that has been made (and has not been satisfied as of the date of this Agreement) by any of the Company Entities' customers with respect to products or services provided to such customer by any Company Entity prior to the date of this Agreement, and (c) the status of any work performed by a Company Entity to satisfy any such claims. The Company has no knowledge of any specific facts that would reasonably be expected to give rise to any warranty liabilities in the future. All warranties of the Company Entities with respect to their products and services are set forth on Schedule 3.16, and no Company Entity has made any oral warranty.

3.17. **Customers and Suppliers.**

(a) Schedule 3.17(a) lists each Company Entity's customers, separated by Company Entity, for the fiscal years ended December 31, 2020 and for the eight-month interim period ended August 31, 2021, and sets forth opposite the name of each such customer the dollar amount of sales attributable to such customer for such periods. The applicable Company Entity has a fully executed Contract or other evidence of agreement, purchase order or invoice with each such customer. Except as set forth on Schedule 3.17(a), no Company Entity is engaged in any material dispute with any current customer, to the knowledge of the Shareholders, no event or condition exists which would reasonably be likely to result in such a material dispute, no such customer has notified the applicable Company Entity within the past 12 months that it intends to terminate or materially reduce its business relations with such Company Entity and to the knowledge of the Shareholders, no customer intends to file for bankruptcy or similar reorganization; provided, however, that the Company makes no representation or warranty, express or implied, that any such customer will remain as a customer of the Company Entities after the Closing Date or will not terminate or reduce its business relations with the Company Entities after the Closing.

(b) Schedule 3.17(b) lists each Company Entity's material vendors, separated by Company Entity, for the fiscal years ended December 31, 2020 and for the eight-month interim period ended August 31, 2021. No Company Entity is engaged in any material dispute with any current vendor, to the knowledge of the Shareholders, no event or condition exists which would reasonably be likely to result in such a dispute, and no such vendor has notified the applicable Company Entity in the past 12 months that it intends to terminate or materially reduce its business relations with such Company Entity; provided, however, that the Company makes no representation or warranty, express or implied, that any such vendor will remain as a vendor of the Company Entities after the Closing Date or will not terminate or reduce its business relations with the Company Entities after the Closing.

(c) Schedule 3.17(c) lists all Backlog of each Company Entity as of the date hereof, on a customer-by-customer basis.

3.18. **Properties.** No Company Entity owns or has ever owned any real property. Schedule 3.18 sets forth a list of all real property currently leased by a Company Entity or otherwise used or occupied by a Company Entity (the "**Leased Real Property**"), the applicable Company Entity, the name of the lessor, the date of the lease, the term of the lease and each amendment thereto and the aggregate annual rent payable under any such lease. The Company has delivered to the Buyer Parties true, correct and complete copies of all leases, lease guaranties, subleases or other agreements for the leasing, use or

occupancy of, or otherwise granting a right in or relating to, the Leased Real Property, including all amendments, terminations and modifications thereof (the “**Lease Agreements**”). The consummation of the transactions contemplated by this Agreement or any other Transaction Document to which the Company is a party will not affect the rights of the Company Entities to the continued use and possession of the Leased Real Property. The Leased Real Property is in good operating condition and repair, free from material structural, physical and mechanical defects, is maintained in a manner consistent with standards generally followed with respect to similar properties and is structurally sufficient and otherwise suitable for the conduct of the business as presently conducted. Each Company Entity has, at all times, complied with the terms of occupancy and use of the Leased Real Property. No Company Entity has received any written notice of: (a) violations of building codes or zoning ordinances or other governmental or regulatory Applicable Laws affecting the Leased Real Property; (b) existing, pending or threatened condemnation proceedings affecting the Leased Real Property; or (c) existing, pending or threatened zoning, building code or other moratorium proceedings or similar matters which, in each case of clauses (a) through (c), could reasonably be expected to adversely affect the ability to operate the Leased Real Property as currently operated. Neither the whole nor any material portion of the Leased Real Property has been damaged or destroyed by fire or other casualty. The Leased Real Property is sufficient for the continued conduct of the Company Entities’ business after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the real property necessary to conduct such business as currently conducted.

3.19. **Insurance.** The Company has provided to the Buyer Parties true and complete copies of all policies of insurance of the Company Entities currently in effect, a list of which is attached as Schedule 3.19. All of the policies relating to insurance maintained by the Company Entities (or any comparable policies entered into as a replacement thereof) are in full force and effect, and no Company Entity has received any notice of cancellation with respect thereto. No Company Entity has any liability for unpaid premium or premium adjustments for such policies of insurance not properly reflected in the Financial Statements. All claims by a Company Entity under any such policy or bond have been duly and timely filed. Schedule 3.19 describes any self-insurance arrangements affecting the Company Entities.

3.20. **Intellectual Property.**

(a) Each Company Entity owns, is licensed or otherwise possesses legally transferable and enforceable rights to use all Intellectual Property which is necessary for the conduct of, or used in, the business of such Company Entity as presently conducted, and such rights will not be adversely affected by the consummation of the transactions contemplated by this Agreement or any other Transaction Document to which the Company is a party. Except as set forth on Schedule 3.20(a), no Company Entity has licensed any Intellectual Property owned by such Company Entity, including in source code form, to any Person or entered into any exclusive or non-exclusive licenses or agreements relating to any Intellectual Property owned by such Company Entity with any Person.

(b) Schedule 3.20(b) sets forth a true, correct and complete list, separated by Company Entity, of (i) all computer programs (source code or object code) owned by a Company Entity (collectively, the “**Owned Software**”), and (ii) all computer programs (source code or object code) licensed to a Company Entity by any third party (other than any off-the-shelf computer program that is so licensed under a shrink wrap or click-through license) that is material to the business of a Company Entity as presently conducted (collectively, the “**Licensed Software**” and, together with the Owned Software, the “**Software**”). Each Company Entity has good, marketable and exclusive title to, and the valid and enforceable power and unqualified right to sell, license, lease, transfer, use or otherwise exploit, all versions and releases of its Owned Software and all copyrights thereof, free and clear of all Encumbrances. Each Company Entity is in actual possession of the source code and object code for each computer program included in its Owned Software. Each Company Entity is in actual possession of the object code and user manuals (if any) for each computer program included in its Licensed Software. No Person other than a Company Entity has any right or interest of any kind or nature in or with respect to the Owned Software or any portion thereof or any rights to sell, license, lease, transfer, use or otherwise exploit the Owned Software or any portion thereof. Each Company Entity has adequately documented, maintained and organized the materials and information related to, associated with or used or produced in the development or performance of its Software, including source code, internal notes and memos, technical and design documentation, compiler information, drawings, flow charts, diagrams, schematics,

source language statements, such that a reasonably competent programmer, engineer, consultant or contractor could understand, use, compile, maintain, support, modify and provide (as applicable) the Software.

(c) Except as set forth on Schedule 3.20(c), the Owned Software does not contain any open source or public library software (such as, but not limited to, software licensed under the GNU General Public License, the GNU Lesser General Public License, BSD License, Apache or Open LDAP Public License) (collectively, “**Open Source Software**,” and all licenses under which such Open Source Software is used is herein, collectively, the “**Open Source Licenses**”). Except as set forth on Schedule 3.20(c), (i) the applicable Company Entity has complied with all of the requirements of the Open Source Licenses, including all notice requirements of the Open Source Licenses, (ii) none of the Open Source Software as incorporated in any Software has been modified by a Company Entity, and (iii) no Company Entity is required to provide any source code for any Software to any Person pursuant to any of the Open Source Licenses or as a result of using any of the Open Source Software.

(d) Schedule 3.20(d) sets forth a true and complete list, separated by Company Entity, of (i) all patents and patent applications, all unexpired registered and unregistered trademarks, tradenames, service marks and copyrights and all mask works included in the Intellectual Property of the Company Entities, showing the jurisdictions in which each such Intellectual Property right has been issued or registered or in which any application for such issuance or registration has been filed, (ii) all licenses, sublicenses and other agreements to which a Company Entity is a party and pursuant to which any Person is authorized to use any Intellectual Property of the Company and (iii) all third-party patents, trademarks or copyrights including Licensed Software (collectively, “**Third Party Intellectual Property Rights**”) that are incorporated in, are or form a part of any product or service offering of the Company Entities, including products or service offerings that are currently under development, and each Company Entity has entered into legally enforceable licenses, sublicenses or other agreements authorizing the use of such Third Party Intellectual Property Rights by such Company Entity, each of which, other than Contracts entered into with customers of the Company Entities in the ordinary course of business, is listed on Schedule 3.20(d). The Company has delivered to the Buyer Parties true and complete copies of all such agreements listed on Schedule 3.20(d), including all amendments, terminations and modifications thereof.

(e) To the knowledge of the Shareholders, there is no, and there has not been any, unauthorized use, disclosure, infringement or misappropriation, or any allegation made thereof, of any Intellectual Property rights of the Company Entities by any third party, including any employee or former employee of the Company Entities. To the knowledge of the Shareholders, there is no, and there never has been any, unauthorized use, disclosure, infringement or misappropriation, or any allegation made thereof, of any Intellectual Property rights of any third party by the Company Entities or by any employee of the Company Entities. There is no, and there never has been any, unauthorized use, disclosure, infringement or misappropriation of any Third Party Intellectual Property Rights by the Company Entities or, to the knowledge of the Shareholders, by any employee or former employee of the Company Entities. No Company Entity has entered into any agreement to indemnify any other Person against any charge of infringement of any Intellectual Property or any Third Party Intellectual Property Rights, except for indemnification clauses in Contracts entered into with customers or vendors of such Company Entity in the ordinary course of business.

(f) No Company Entity is, or as a result of the execution, delivery or performance of this Agreement or any other Transaction Document by the Company or the consummation of any transaction contemplated hereby or thereby, will be, in material breach of any license, sublicense or other agreement relating to the Intellectual Property owned by a Company Entity or Third Party Intellectual Property Rights.

(g) All patents, registered trademarks, service marks and copyrights held by the Company Entities are valid, enforceable and subsisting. No loss or expiration of any of the Company Entities’ Intellectual Property rights is pending, reasonably foreseeable or, to the knowledge of the Shareholders, threatened, except for patents, trademarks, service marks or other intellectual property expiring at the end of their statutory term. None of the Intellectual Property rights of the Company Entities is invalid or unenforceable in whole or in part. No Company Entity (i) has been sued in any

action, suit or proceeding that involves, or has otherwise been notified of, an objection or claim of infringement of any of its Intellectual Property or any patents, trademarks, service marks or copyrights or violation of any trade secret or other proprietary right of any third party, (ii) has knowledge that the manufacturing, marketing, licensing or sale of its products or service offerings infringes, or is claimed to infringe, any Intellectual Property of any third party and (iii) has brought any action, suit or proceeding for infringement of Intellectual Property or breach of any license or agreement involving Intellectual Property against any third party.

(h) Each Company Entity has entered into valid written assignments from all Persons who contributed to the creation or development of the Intellectual Property of such Company Entity of the rights to such contributions that are not already owned by such Company Entity by operation of law. Each of the Continuing Employees has duly executed the applicable Company Entity's standard form of employee agreement applicable to such Company Entity employees. Each of the Continuing Independent Contractors have duly executed an independent contractor agreement and non-disclosure agreement substantially similar to the applicable Company Entity's standard form of independent contractor agreement and standard form of non-disclosure agreement applicable to independent contractors. Each such employee agreement, independent contractor agreement and non-disclosure agreement is legal, valid, and to the knowledge of the Shareholders, binding on the Persons party thereto.

(i) Each Company Entity has taken commercially reasonable steps to protect and preserve the confidentiality of all Intellectual Property of the Company Entities not otherwise protected by patents, patent applications or copyright (collectively, "**Confidential Information**"). All use, disclosure or appropriation of Confidential Information owned by a Company Entity by or to a third party has been pursuant to the terms of a written agreement between such Company Entity and such third party. All use, disclosure, or appropriation of Confidential Information not owned by a Company Entity has been pursuant to the terms of a written agreement between such Company Entity and the owner of such Confidential Information or is otherwise lawful.

3.21. **Transactions with Related Parties.** Except as set forth on Schedule 3.21, no manager, officer or director of a Company Entity or a Shareholder, any of his, her or its Affiliates or members of his or her immediate family (father, mother, stepparent, spouse, siblings, descendants or step-children), nor to the knowledge of the Shareholders, any employee of a Company Entity, or any of his or her Affiliates or members of his or her immediate family (as described above), has any direct or indirect ownership interest in (a) any Person with which a Company Entity is affiliated or with which a Company Entity has a business relationship (including, but not limited to, any contractor relationship between such Person and a Company Entity) or (b) any Person that competes with a Company Entity (other than the ownership of less than 5% of the outstanding class of publicly traded stock in publicly-traded companies that may compete with a Company Entity). Except as set forth on Schedule 3.21 (the "**Related Party Transactions**"), no manager, officer or director of a Company Entity or a Shareholder, any of his, her or its Affiliates or members of his or her immediate family (father, mother, stepparent, spouse, siblings, descendants or step-children), nor to the knowledge of the Shareholders, any employee of a Company Entity, or any of his or her Affiliates or members of his or her immediate family (as described above), is, directly or indirectly, a party to or interested in any Contract with a Company Entity or any of its Affiliates. The Related Party Transactions, if any, were each entered into on an arm's-length basis on terms no less favorable to the applicable Company Entity than any Contract entered into by such Company Entity with Persons other than an officer, shareholder, member, manager or director of a Company Entity or a Shareholder, or any member of his or her immediate family. There are no loans by a Company Entity to any Shareholder other than the Shareholder Loans.

3.22. **Brokers' and Finders' Fees.** Except for the fees, expenses and costs of ClearSight Advisors, no Company Entity has incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any other Transaction Document to which a Company Entity is a party or any transaction contemplated hereby or thereby.

3.23. **Bank Accounts.** Schedule 3.23 lists the identity, location, account numbers and authorized signatories of all bank accounts and lock boxes maintained by a Company Entity at banks, trust companies, securities firms or other brokers or financial institutions.

3.24. **Books and Records.** The minute books of the Company Entities contain records of all meetings and other corporate actions of the shareholders, members and board of directors or managers (including committees thereof) of the Company Entities that are complete and accurate in all material respects. The stock ledgers of the Company Entities are complete and reflects all issuances, transfers, repurchases and cancellations of shares of capital stock or other equity interests of the Company Entities. True and complete copies of the minute books and the stock ledgers of the Company Entities have been made available to Parent. The original minute books and stock ledger of each Company Entity will be maintained at such Company Entity's principal office at Closing. The Business Records of the Company Entities are complete and accurate in all material respects except for records destroyed in the ordinary course of business pursuant to a written policy of a Company Entity consistently applied. The Company has delivered or made available true and complete copies of each document that has been reasonably requested in writing by the Buyer Parties or its counsel in connection with its legal, accounting, financial and general business review of the Company Entities, including, but not limited to those set forth on Schedule 3.24.

3.25. **Environmental Matters.**

(a) Each Company Entity is and has at all times been in compliance with all Environmental Laws in all material respects, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been made, given, filed or commenced (or, to the knowledge of the Shareholders, threatened) by any Person against such Company Entity alleging any failure to comply with any Environmental Law or seeking contribution towards, or participation in, any remediation of any contamination of any property or thing with Hazardous Materials. Each Company Entity has obtained, and is and has at all times been in compliance in all material respects with all of the terms and conditions of, all Permits, licenses and other authorizations that are required under any Environmental Law and has at all times complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables that are contained in any Environmental Law.

(b) To the knowledge of the Shareholders, no physical condition exists on or under any property that may have been caused by or impacted by the operations or activities of the Company Entities that could give rise to any investigative, remedial or other obligation under any Environmental Law or that could result in any kind of liability to any third party claiming damage to person or property as a result of such physical condition.

(c) All properties and equipment used in the business of the Company Entities are and have been free of Hazardous Materials, except for batteries, computers and other items normally found in an office.

(d) The Company has provided to the Buyer Parties true and complete copies of all internal and external environmental audits and studies in its possession or control, if any, relating to the Company Entities and its operations and activities including the Leased Real Property and all correspondence on substantial environmental matters relating to the Company Entities and its operations and activities including the Leased Real Property.

**ARTICLE IV.
REPRESENTATIONS AND WARRANTIES REGARDING THE SHAREHOLDERS**

Each Shareholder, solely with respect to such Shareholder, represents and warrants to the Buyer Parties that the statements contained below are true and correct as of the date hereof.

4.01. **Natural Person and Spousal and Partner Consent.** Such Shareholder is a natural person and that his applicable spouse or domestic partner, if any, each of which is listed in Schedule 4.01, has consented to the sale, transfer and delivery of the Company Shares pursuant to this Agreement.

4.02. **Company Shares.** Such Shareholder has good and valid title to and unrestricted power to vote and sell, free and clear of all Encumbrances, the number and type of Company Shares set forth opposite Shareholder's name on Schedule 3.02(a). Such Shareholder is not a party to any option, warrant,

purchase right or other Contract or commitment other than this Agreement that would require Shareholder to sell, transfer or otherwise dispose of any capital stock of the Company, or that gives any other Person any rights with respect to the capital stock of the Company owned by Shareholder. Such Shareholder is not a party to any voting trust agreement or any other Contract relating to the acquisition (including rights of first refusal or preemptive rights), registration under the Applicable Laws, voting, dividend rights or disposition with respect to Shareholder's capital stock of the Company, except for the rights stipulated in the Shareholders' Agreement (which is terminated hereby).

4.03. **Authority and Due Execution.**

(a) **Authority.** Such Shareholder has all requisite capacity, power and authority to execute and deliver this Agreement and the other Transaction Documents to which the Shareholder is a party, and to perform his, her or its obligations hereunder and thereunder and to consummate the transactions contemplated in this Agreement and the other Transaction Documents to which the Shareholder is a party. The execution, delivery and performance of this Agreement and the other Transaction Documents to which the Shareholder is a party, and the consummation by the Shareholder of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the Shareholder and no other proceeding on the part of the Shareholder is necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Shareholder is a party or to consummate the transactions contemplated hereby or thereby.

(b) **Due Execution.** This Agreement and each other Transaction Document to which the Shareholder is a party have been duly and validly executed and delivered by the Shareholder and, assuming due execution and delivery by the Buyer Parties and any other party hereto and thereto (other than the Shareholder), this Agreement and each other Transaction Document to which the Shareholder is a party, constitutes the valid and binding obligations of the Shareholder, enforceable against the Shareholder in accordance with their respective terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including without limitation all Applicable Laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.04. **Non-Contravention; Consents.**

(a) **Non-Contravention.** The execution and delivery of this Agreement and the other Transaction Documents to which the Shareholder is a party do not, and the performance of this Agreement and the other Transaction Documents by the Shareholder will not (i) conflict with or violate any Applicable Laws, or (ii) result in any breach or violation of or constitute a default (or any event, which, with notice or lapse of time, or both would constitute a default) under, alter the rights or obligations of any third party under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of an Encumbrance on the Shareholder's capital stock of the Company pursuant to any material Contract to which the Shareholder is a party or otherwise subject.

(b) **Consents.** No Consent (which has not been previously or is hereby obtained) is required to be obtained in connection with the execution, delivery or performance by the Shareholder of this Agreement or any other Transaction Document by the Shareholder or the consummation of the transactions contemplated hereby and thereby. Each Shareholder consents to each other Shareholder executing the Transaction Documents.

4.05. **Legal Proceedings.** There is no claim, action, suit or proceeding, or governmental inquiry or investigation, pending, or to the knowledge of the Shareholder, threatened, against the Shareholder in his, her or its capacity as such.

4.06. **No Other Representations or Warranties.** Except for the representations and warranties expressly given in Article III, this Article IV, Section 6.01 or elsewhere expressly given in any Transaction Document, none of the Shareholders, the Company, the Company Entities nor any other person makes any other express or implied (including any implied warranty or representation as to the

value, condition, merchantability or suitability as to any of the Company and the Company Entities' assets) representation or warranty on behalf of the Shareholders or the Company or the Company Entities, including any representation or warranty as to the accuracy or completeness of any information regarding the Company Entities furnished or made available to the Buyer Parties and its representatives (including the Confidential Information Presentation dated May 2021) any information, documents or materials delivered or made available to the Buyer Parties, management presentations or in any other form in expectations of the transactions contemplated hereby or as to the further revenue, profitability or success of the Company Entities, or any representation or warranty arising from statute or otherwise in law. It is understood that any estimates, forecasts, projections or other predictions and any other information or materials that have been provided or made available to the Buyer Parties or any of their Affiliates or their respective representatives (including any presentation by Shareholders or management of the business) are not, and shall not be deemed to be, representations and warranties of the Shareholders, the Company, the Company Entities or any of their Affiliates or any of their respective representatives.

ARTICLE V. REPRESENTATIONS AND WARRANTIES REGARDING THE BUYER PARTIES

The Buyer Parties represent and warrant, jointly and severally, to the Shareholders that the statements contained below are true and correct.

5.01. **Organization, Standing and Power.** Each Buyer Party is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization. Each Buyer Party has all requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

5.02. **Authority.** Each Buyer Party has all requisite corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby or thereby. The execution, delivery and performance of this Agreement and the other Transaction Documents to which a Buyer Party is a party and the consummation by the Buyer Parties of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Buyer Parties and no other proceedings on the part of the Buyer Parties are necessary to authorize the execution, delivery and performance of this Agreement and the other Transaction Documents to which a Buyer Party is a party or to consummate the transactions contemplated hereby or thereby. This Agreement and each other Transaction Document to which a Buyer Party is a party have been duly and validly executed and delivered and, assuming due execution and delivery by the Shareholders and any other party hereto and thereto (other than a Buyer Party), this Agreement and each other Transaction Document to which a Buyer Party is a party, constitutes the valid and binding obligations of the applicable Buyer Party enforceable against it in accordance with their respective terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including without limitation all Applicable Laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.03. **Non-Contravention and Consents.**

(a) The execution and delivery of this Agreement and the other Transaction Documents to which a Buyer Party is a party do not, and the performance of this Agreement and the other Transaction Documents by the Buyer Parties will not (i) conflict with or violate the Charter Documents of a Buyer Party, (ii) conflict with or violate any Applicable Laws, or (iii) result in any breach or violation of or constitute a default (or any event, which with notice or lapse of time, or both would constitute a default) under, alter the rights or obligations of any third party under, or give to others any right of termination, amendment, acceleration or cancellations of, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the properties or assets of a Buyer Party pursuant to any material agreement to which a Buyer Party or its Affiliates is a party or otherwise subject, except in the case of clause (iii) where such violation, conflict or breach would not reasonably be expected (A) to have a Parent Material Adverse Effect or (B) otherwise adversely affect a Buyer Party's

ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

(b) No Consent is required to be obtained under any material agreement to which a Buyer Party is a party in connection with the execution, delivery or performance of this Agreement or any other Transaction Document by a Buyer Party or the consummation of the transactions contemplated hereby or thereby.

(c) No Consent of any Governmental Entity is required to be obtained or made by a Buyer Party in connection with the execution, delivery and performance of this Agreement or any other Transaction Document by a Buyer Party or the consummation of the transactions contemplated hereby or thereby.

5.04. **Litigation.** As of the date hereof, there is no claim, action, suit, inquiry, judicial or administrative proceeding, grievance, or arbitration pending or, to the knowledge of the Buyer Parties, threatened in writing against a Buyer Party relating to the transactions contemplated by this Agreement or any other Transaction Document to which a Buyer Party is a party.

5.05. **Parent Common Stock.** The shares of Parent Common Stock issued in accordance with the terms of this Agreement, (i) will have been duly authorized, validly issued, fully paid and non-assessable, (ii) will not have been issued in violation of any agreement, arrangement or commitment to which the Buyer Parties or any of their respective Affiliates is a party or is subject to or in violation of or subject to any preemptive rights, subscription rights, rights of first refusal or similar rights of any Person, and (iii) will have been offered, issued, sold and delivered in compliance with all applicable securities laws and all other Applicable Laws.

5.06. **Brokers' and Finders' Fees.** Except for the fees, expenses and costs of M&A Securities Group, Inc., for which Parent shall be solely responsible, no Buyer Party has incurred any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or any other Transaction Document to which a Buyer Party is a party or any transaction contemplated hereby or thereby.

5.07. **Reports.** Parent has timely made all filings required to be made by it with the SEC since December 31, 2020 (such filings, the "**Parent SEC Filings**"). As of their respective dates, the Parent SEC Filings complied as to form in all material respects with the requirements of the Securities Act and the Exchange Act, as the case may be. As of the date of this Agreement, no event or circumstance has occurred or information exists with respect to Parent or its business, properties, operations or financial conditions, which, under the Securities Act, the Exchange Act or any other applicable rule or regulation, requires public disclosure or announcement by Parent at or before the date of this Agreement but which has not been so publicly announced or disclosed.

5.08. **Sufficiency of Funds; Solvency.** The Buyer Parties have sufficient funds, and at the Closing, the Buyer Parties will have sufficient funds, to make the payments required pursuant to this Agreement and the other Transaction Documents and to perform their respective obligations with respect to the transactions contemplated hereby and thereby. Each Buyer Party is solvent and able to pay its debts when they become due to be paid.

5.09. **Acknowledgment.** Buyer has conducted an independent investigation of the legal, commercial and financial condition, liabilities and results of operations of the Company and the Company Entities and, in making the determination to proceed with the transaction contemplated by this Agreement, has relied solely on the representations and warranties expressly given in Article III, Article IV, Section 6.01 or expressly given elsewhere in any Transaction Document and in the results of its own independent investigation.

5.10. **No Prior Business Activity in Uruguay, Argentina or Chile.** The Buyer and its Affiliates has not and has never had any assets in Uruguay, Argentina or Chile or shares or other ownership interests of any Uruguayan, Argentinean or Chilean company.

**ARTICLE VI.
ADDITIONAL AGREEMENTS**

6.01. Securities Matters.

(a) Each Parent Stock Participating Shareholder acknowledges and agrees that the issuance of shares of Parent Common Stock pursuant to this Agreement will not be registered under the Securities Act, and that such issued Parent Common Stock will be issued to the Parent Stock Participating Shareholder in a private placement transaction effected in reliance on an exemption from the registration requirements of the Securities Act and in reliance on exemptions from the qualification requirements of applicable state securities laws. In connection therewith, each Parent Stock Participating Shareholder hereby represents and warrants as follows:

(i) The Parent Stock Participating Shareholder is acquiring the shares of Parent Common Stock pursuant to this Agreement for the Parent Stock Participating Shareholder's own account for investment and not with a view to, or for resale in connection with, the distribution thereof. The Parent Stock Participating Shareholder has no present intention of distributing any portion of the shares of Parent Common Stock (or any interest therein).

(ii) The Parent Stock Participating Shareholder has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of an investment in Parent Common Stock and protecting its own interests in connection with such investment. The Parent Stock Participating Shareholder has reviewed Parent's most recent Annual Report on Form 10-K and the Quarterly Reports on Form 10-Q and Current Reports on Form 8-K of Parent filed with the SEC since the date of such Annual Report on Form 10-K.

(iii) Assuming the truth and accuracy of the Buyer Parties' representations and warranties set forth in Article V, the Parent Stock Participating Shareholder is sufficiently aware of Parent's business affairs and financial condition and has acquired sufficient information about Parent to reach an informed and knowledgeable investment decision with respect to acquiring Parent Common Stock pursuant to this Agreement.

(iv) The Parent Stock Participating Shareholder is not acquiring the Parent Common Stock as a result of any general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(v) With respect to the tax and other economic considerations involved in acquiring the Parent Common Stock, the Parent Stock Participating Shareholder is not relying on any Buyer Party, and the Parent Stock Participating Shareholder has carefully considered and has, to the extent it believes such discussion necessary, discussed with its professional legal, tax, accounting and financial advisors the implications of acquiring the Parent Common Stock for its particular tax, financial and accounting situation.

(vi) The Parent Stock Participating Shareholder acknowledges that any shares of Parent Common Stock issued pursuant to this Agreement will be "restricted securities" under federal and state securities laws and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available.

(vii) The Parent Stock Participating Shareholder is familiar with Rule 144 of the Securities Act as presently in effect and understands the restrictions and resale limitations imposed thereby and by the Securities Act.

(b) The Parent Stock Participating Shareholder agrees not to make any disposition of all or any portion of the shares of Parent Common Stock issued to it without the consent of Parent unless such transfer is (i) pursuant to registration under the Securities Act or pursuant to an available exemption

from registration, and (ii) in compliance with any transfer restrictions set forth in any Restrictive Agreement to which the Parent Stock Participating Shareholder is a party.

(c) The certificates or book entries on the books of Parent or its agent representing the Parent Common Stock issued to the Parent Stock Participating Shareholder hereunder shall bear, in addition to any other legends required under applicable state securities laws, the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, OFFERED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT (I) PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION AND (II) IN ACCORDANCE WITH THE RESTRICTIONS AND CONDITIONS SET FORTH IN A STOCK RESTRICTION AND NON-COMPETE AGREEMENT DATED AS OF OCTOBER 15, 2021, BY AND BETWEEN THE PARTIES THERETO. A COPY OF THE APPLICABLE PROVISIONS OF SUCH AGREEMENT SHALL BE FURNISHED BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER, TO THE EFFECT THAT ANY SALE OR TRANSFER OF THESE SECURITIES WILL BE IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

In order to prevent any transfer from taking place in violation of this Agreement, any Restrictive Agreement or Applicable Law, Parent may cause a stop transfer order to be placed with its transfer agent with respect to the Parent Common Stock. Parent will not be required to transfer on its books any shares of Parent Common Stock that have been sold or transferred in violation of any provision of this Agreement or Applicable Law.

6.02. **Tax Matters.**

(a) **Pre-Closing Income Tax Returns.** The Representative, at the sole cost and expense of the Shareholders, shall prepare or cause to be prepared all income Tax Returns for the Company Entities for any taxable period that ends on or before the Closing Date which are required to be filed after the Closing Date ("**Pre-Closing Income Tax Returns**"). Each Pre-Closing Income Tax Return shall be prepared on a basis consistent with existing procedures, practices, and accounting methods. No later than 30 days prior to the due date (including extensions thereof) for filing any Pre-Closing Income Tax Return, the Representative shall deliver a copy of such Pre-Closing Income Tax Return, together with all supporting documentation and workpapers, to Parent for its review and approval. Parent may submit to the Representative, not later than 10 days from the receipt of such Pre-Closing Income Tax Return, a list of any components of such Pre-Closing Income Tax Return with which Parent disagrees. In the event a notice of dispute is timely delivered to the Representative by Parent, Parent and the Representative shall thereafter for a period of five days negotiate in good faith to resolve any items of dispute. Any items of dispute which are not so resolved shall be submitted for resolution to an Expert Accountant in accordance with the procedures set forth in Section 2.04; provided, that the Expert Accountant shall render its written decision no later than two days prior to the due date for filing such Pre-Closing Tax Return. Parent will cause such Pre-Closing Income Tax Return (as finally resolved pursuant to any dispute procedures) to be timely filed and will promptly provide a copy to the Representative. Not later than five days prior to the due date for payment of Taxes with respect to any Pre-Closing Income Tax Return, the Shareholders shall pay (without duplication) to Buyer (or as it shall direct, to Parent) the amount of any Buyer Indemnified Taxes with respect to such Pre-Closing Income Tax Return. Notwithstanding any provision to the contrary, the Representative shall not, and shall not permit any Company Entity or any Affiliate to, make any election under Section 965(h) of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law) with respect to any Company Entity to defer the payment of any "net tax liability" as such term is defined in Section 965(h)(6) of the Code (or any corresponding or similar provision of state, local or non-U.S. Applicable Law).

(b) Pre-Closing Tax Returns and Straddle Period Tax Returns.

(i) The Parent shall prepare and file or cause to be prepared and filed all Tax Returns for the Company Entities (other than Pre-Closing Income Tax Returns) for any taxable period that ends on or before the Closing Date which are required to be filed after the Closing Date (“**Pre-Closing Non- Income Tax Returns**”). Each Pre-Closing Non-Income Tax Return shall be prepared on a basis consistent with existing procedures, practices, and accounting methods, unless, as reasonably determined by the Parent, such procedure, practice, or accounting method does not have sufficient legal support to avoid the imposition of Taxes in the form of penalties, in which case, such Pre-Closing Non-Income Tax Return shall be prepared in accordance with any good faith method determined by Parent. To the extent a Pre-Closing Non-Income Tax Returns shows a Buyer Indemnified Tax as due and payable, no later than ten (10) days prior to the due date (including extensions thereof) for filing any Pre-Closing Non-Income Tax Return, the Parent shall deliver a copy of such Pre-Closing Non-Income Tax Return, together with all supporting documentation and workpapers, to the Representative for its review and comment. Parent shall consider in good faith any reasonable comments made by the Representative in the final Pre-Closing Non-Income Tax Return prior to filing. No failure or delay of the Parent in providing any Pre-Closing Non-Income Tax Return to the Representative for its review shall reduce or otherwise affect the obligations or liabilities of the Shareholders pursuant to this Agreement, except to the extent that the Shareholders are actually and materially prejudiced by such failure or delay. Not later than five days prior to the due date for payment of Taxes with respect to any Pre-Closing Non-Income Tax Return, the Shareholders shall pay (without duplication) to Buyer (or as it shall direct, to Parent) the amount of any Buyer Indemnified Taxes with respect to such Pre-Closing Non-Income Tax Return.

(ii) The Parent shall prepare or cause to be prepared all Tax Returns for the Company Entities for any Straddle Period (“**Straddle Tax Returns**”). Each Straddle Tax Return shall be prepared on a basis consistent with existing procedures, practices, and accounting methods, unless, as reasonably determined by the Parent, such procedure, practice, or accounting method does not have sufficient legal support to avoid the imposition of Taxes in the form of penalties, in which case, such Straddle Tax Return shall be prepared in accordance with any good faith method determined by Parent. No later than 30 days prior to the due date (including extensions thereof) for filing any Straddle Tax Return, the Parent shall deliver a copy of such Straddle Tax Return, together with all supporting documentation and workpapers, to the Representative for its review and comment. Parent shall consider in good faith any reasonable comments made by the Representative in the final Straddle Tax Return prior to filing. No failure or delay of the Parent in providing any Straddle Tax Return to the Representative for its review shall reduce or otherwise affect the obligations or liabilities of the Shareholders pursuant to this Agreement, except to the extent that the Shareholders are actually and materially prejudiced by such failure or delay. Not later than five days prior to the due date for payment of Taxes with respect to any Straddle Tax Return, the Shareholders shall pay (without duplication) to Buyer (or as it shall direct, to Parent) the amount of any Buyer Indemnified Taxes with respect to such Straddle Tax Return.

(c) Proration of Straddle Period Taxes. In the case of Taxes that are payable with respect to any Straddle Period:

(i) In the case of Taxes that are either (A) based upon or related to income, receipts, payroll or withholding, or (B) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), the portion of such Tax that is attributable to the portion of the Straddle Period ending on and including the Closing Date shall be deemed equal to the amount of such Tax that would be payable if the Straddle Period ended with (and included) the Closing Date; provided that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning on the day immediately after the Closing Date in proportion to the number of days in each period;

(ii) In the case of all other Taxes, the portion of such Tax that is attributable to the portion of the Straddle Period ending on and including the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the portion of the Straddle Period ending on and

including the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; and

(iii) All Taxes in the form of interest or penalties that relate to Taxes for any Pre-Closing Tax Period shall be treated as occurring in the portion of such Straddle Period that ends on (and includes) the Closing Date, whether such items are incurred, accrued, assessed or similarly charged on, before or after the Closing Date.

(d) Tax Proceedings.

(i) The Representative shall deliver to the Parent or the Parent shall deliver to the Representative, as applicable, a written notice promptly following receipt of any audit, litigation or other proceeding (each a "**Tax Proceeding**") with respect to Taxes imposed on or with respect to the assets, operations or activities of the Company Entities or resulting from the Acquisition, and such notice shall describe in reasonable detail the facts constituting the basis for such Tax Proceeding, the nature of the relief sought, and the amount of the claimed Damages, if any.

(ii) In connection with any Tax Proceeding of a Company Entity that relates to a Pre-Closing Tax Period or Straddle Period, such Tax Proceeding shall be controlled by the Parent; provided, however, (A) that to the extent such Tax Proceeding relates to Taxes or Tax Returns of any Company Entity for any taxable period that ends on or before the Closing Date, (1) the Parent shall not enter into any settlement or compromise with respect to any such Tax Proceeding without the prior written consent of the Representative, which consent shall not be unreasonably withheld, conditioned or delayed, (2) the Parent shall keep the Representative reasonably informed of all material developments and events relating to such Tax Proceeding, and (3) the Representative, at its own cost and expense, shall have the right to participate in (but not control) the defense of such Tax Proceeding, and (B) that to the extent such Tax Proceeding relates to Taxes or Tax Returns of any Company Entity for a Straddle Period or for which any Shareholder may reasonably be expected to be liable pursuant to this Agreement, (1) the Parent shall keep the Representative reasonably informed of all material developments and events relating to such Tax Proceeding, and (2) the Representative, at its own cost and expense, shall have the right to participate in (but not control) the defense of such Tax Proceeding.

(iii) For the avoidance of doubt, in the event of any conflict between the provisions of this Section 6.02(d) and the provisions of Section 8.04 with respect to any Tax Proceeding, the provisions of this Section 6.02(d) shall govern.

(e) Transfer Taxes. The Shareholders shall pay all U.S. federal, state, district and local and non-U.S. transfer, real estate transfer, sales, use, stamp, registration or other similar Taxes arising out of or resulting from the transactions contemplated by this Agreement or any other Transaction Document (together with all costs, expenses, recording fees and real estate transfer stamps incurred in connection with obtaining or recording title to the Company Shares) (collectively, all such Taxes, costs, expenses, fees and stamps, "**Transfer Taxes**"). The party required by Applicable Laws to file a Tax Return with respect to such Transfer Taxes shall timely prepare, with the other parties' cooperation, and file such Tax Return. If the Buyer is required to file any such Tax Return, the Shareholders shall promptly reimburse the Buyer for any Transfer Taxes paid by the Buyer in connection with the filing of such Tax Return. Each Shareholder and the Buyer agree to reasonably cooperate with each other in connection with the preparation and filing of such Tax Returns, in obtaining all available exemptions from such Transfer Taxes.

(f) Cooperation. The Buyer Parties, the Representative, and the Shareholders shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors, and representatives reasonably to cooperate, to the extent reasonably requested by the other party, in connection with (i) the filing of Tax Returns of the Buyer Parties, any Company Entity or their Affiliates and (ii) any audit, litigation or other proceeding with respect to Taxes imposed on or with respect to the assets, operations or activities of any Company Entity or resulting from the Acquisition (whether or not a Tax Proceeding). Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to (A) any such Tax Return or (B) any audit, litigation or other proceeding with respect to Taxes imposed on or with respect to the assets,

operations or activities of the Company Entities or resulting from the Acquisition (whether or not a Tax Proceeding). The Buyer Parties, the Representative, and the Shareholders further agree, upon request, to use Commercially Reasonable Efforts to obtain any certificate or other document from any Tax Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on the Shareholders, the Buyer Parties, or any Company Entity (including, but not limited to, with respect to the Acquisition).

(g) **Post-Closing Actions.** Without the prior written consent of the Representative (which consent shall not be unreasonably withheld, conditioned or delayed), the Buyer Parties shall not amend a Tax Return of a Company Entity for a taxable period that ends on or before the Closing Date if such amended Tax Returns in the aggregate would have the effect of increasing the Tax liability of the Shareholders for any Company Entity or the amount of any Buyer Indemnified Taxes for which the Shareholders are liable to indemnify the Buyer Indemnitees by more than \$50,000.

(h) **Refunds.** Any Tax refunds that are received in cash by the Buyer Parties, a Company Entity or any of their Affiliates, and any amounts credited against Tax that reduce the cash Taxes payable by the Buyer Parties, a Company Entity any of their Affiliates, that, in each case, relate to a Pre-Closing Tax Period of a Company Entity shall be for the account of the Shareholders. The Parent shall pay over to the Representative any such refund or the amount of any such credit (net of any Taxes incurred by the Buyer Parties or its Affiliates (including the Company Entities) as a result of such refund or credit and any out-of-pocket costs and expenses incurred by the Buyer Parties or its Affiliates in obtaining such refund or credit) within ten days after receipt or entitlement thereto. Notwithstanding the foregoing, nothing in this Section 6.02(h) shall require the Parent to make any payment with respect to any Tax refund (and such Tax refund shall be for the benefit of the Buyers Parties, the Company Entities, and their Affiliates) that is with respect to (A) any Tax refund that is reflected as a current asset (or offset to a current liability) in the calculation of the Net Working Capital, (B) any Tax refund that is the result of the carrying back of any loss, Tax credit or other Tax attributable of any Buyer Party, any Company Entity, or any of their Affiliates that relates to a Post-Closing Tax Period, (C) any Tax refund resulting from the payment of Taxes made on or after the Closing Date to the extent the Shareholders have not indemnified the Buyer Indemnitees for such Taxes, and (D) any Tax refund that gives rise to a payment obligation by any Buyer Party, any Company Entity, or any of their Affiliates to any Person under Applicable Law or pursuant to a contract or other agreement entered into (or assumed by) any Shareholder or any Company Entity on or prior to the Closing Date. For the avoidance of doubt, none of the Buyer Parties, the Company Entities or their Affiliates shall be required to take any action to claim or receive any Tax refund.

(i) **Section 338(g).** For the avoidance of doubt, the Buyer Parties are authorized, after the Closing Date, to make an election under Section 338(g) of the Code (and any corresponding or similar provision of state, local or non-U.S. Applicable Law) with respect to any one or more of the Company Entities.

6.03. **Continuing Employees.** Prior to the Closing, the Company shall terminate the employment of any employee of the Company who is listed on Schedule 6.03 under the heading “Non-Continuing Employees.” To the extent that any contractor set forth on Schedule 6.03 under the heading “November Converted Contractors” (the “November Converted Contractors”) does not agree to become an employee of a Company Entity on or prior to November 1, 2021, the fees, costs and expenses incurred by the Company Entities in connection with the termination of any such November Converted Contractor shall be included as set forth in the calculation of Net Working Capital in accordance with the definition thereof.

6.04. **Employee Benefit Plans.** From and after the Closing, all Continuing Employees shall continue in their existing benefit plans until such time as the Buyer Parties, in their sole discretion, may elect to modify such benefit plans.

6.05. **Accounts Receivable.**

(a) Following the Closing, the Buyer Parties (i) shall not provide discounts, set-offs or inducements to account debtors in exchange for discounting any Accounts Receivable, (ii) shall

provide to the Representative a monthly aging report in respect of any then unpaid Accounts Receivable, and (iii) shall provide to the Representative any written notice of nonpayment of an Account Receivable received by the Buyer Parties in writing from an account debtor.

(b) Following the Closing, the Buyer Parties shall work in good faith with the Representative to collect any Accounts Receivable that are deemed “uncollectible” and were excluded from Net Working Capital, as finally determined pursuant to Section 2.03. For the avoidance of doubt, the Shareholders are guaranteeing the collectability of any and all Accounts Receivable set forth in the Estimated Closing Date Balance Sheet or the Estimated Statement. The parties agree that if a Buyer Party or a Company Entity thereafter collects in cash any Accounts Receivable deemed to be “uncollectible” for purposes of calculating Net Working Capital, the Buyer Parties shall remit any such payment to the Representative within ten Business Days after the date of such collection, less an amount equal to 5% of the collected amount as an administrative fee, which such amount shall be retained by the Buyer Parties.

6.06. **Publicity.** Except as otherwise required by Applicable Law or the rules of The Nasdaq Global Select Market, no party hereto shall issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the consent of the other parties. Notwithstanding the above, each Shareholder acknowledges that Parent, as a publicly-held company, is subject to certain disclosure requirements under federal securities laws. Accordingly, Parent reserves the right to disclose this Agreement and the transactions contemplated hereby, including financial information regarding the Company Entities and the status of negotiations, at any time it decides that such disclosure is appropriate under the federal securities laws or the rules of any stock exchange, provided, however, that Parent shall provide the Company and its counsel a reasonable time to review and comment upon any Current Report on Form 8-K or press release initially announcing the Acquisition prior to any such disclosure.

6.07. **Restrictive Agreements.** As additional consideration for Parent, and as a material inducement for Parent to enter into this Agreement and to consummate the Acquisition, each Shareholder (except for Gabriel Inchausti Blixen and Pablo Darío Taraciuk Vainer) shall enter into his applicable Restrictive Agreement, with Parent on or before the Closing Date. Each Restrictive Agreement shall require each such Person to agree to certain matters, which may include, as applicable, certain restrictions related to shares of Parent Common Stock issued to such Person pursuant to this Agreement and certain non-competition and non-solicitation provisions as mutually agreed to between Parent and such Person.

6.08. **Tail Insurance.** Prior to the Closing Date, the Company shall obtain a tail insurance policy for a term of two years under the Company Entities’ errors and omissions (including directors and officers liability) policy in form and amounts reasonably agreed to by Parent, and provide evidence thereof to the Buyer Parties. The costs and expense of such policy shall be deemed a Transaction Expense.

6.09. **Release.** Effective as of the Closing, each Shareholder (on behalf of himself, herself or itself and its Affiliates) hereby releases each Buyer Indemnitee, from any and all claims, and agrees not to bring or threaten to bring or otherwise join in any claim against any of the Buyer Indemnitees or any of them, relating to, arising out of or in connection with any facts or circumstances relating to the Company Entities which existed on or prior to the Closing Date; provided, however, that the foregoing shall not apply to any rights of such Shareholder arising under this Agreement or any other Transaction Document.

6.10. **Confidentiality.** From and after the Closing, each Shareholder shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause his, her or its or their respective representatives, employees, consultants, financial advisors, counsel, accountants and other agents to hold, in confidence any and all information, whether written or oral, concerning the Company Entities, except to the extent that such information (a) is generally available to and known by the public through no fault of such Shareholder, any of his, her or its Affiliates or their respective representatives; or (b) is acquired by such Shareholder, any of its Affiliates or their respective representatives, employees, consultants, financial advisors, counsel, accountants and other agents from and after the Closing from sources which are not known by the Shareholder to be prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If such Shareholder or any of his, her or its Affiliates or their respective representatives, employees, consultants, financial advisors, counsel, accountants and other

agents are compelled to disclose any information by judicial or administrative process or by other requirements of Applicable Law, to the extent permitted by Applicable Law such Shareholder shall promptly notify the Buyer Parties in writing and shall disclose only that portion of such information which such Shareholder is advised by its counsel in writing is legally required to be disclosed, provided that such Shareholder shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. This Section 6.10 shall in no way prevent a Shareholder from using information (x) in connection with this Agreement and the Transaction Documents; or (y) to the extent reasonably necessary in order for such Shareholder to litigate (and may disclose solely to the extent reasonably necessary in connection with such litigation of) any claim against a Buyer Party pursuant to this Agreement or any Transaction Document.

6.11. **Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

6.12. **Post-Closing Uruguayan Filings.** Within 30 days from the Closing Date, Buyer shall submit evidence to the Representative: (a) that Buyer has filed Uruguayan Tax and Social Security Forms Number 351/352 before the Uruguayan Tax and Social Security Authorities in order to update the list of the Company's board of directors and attorneys-in-fact and submit evidence that the records of the Tax and Social Security authorities have been updated accordingly; (b) that Buyer has submitted an updated record of beneficial owners of the Company to the Central Bank of Uruguay under law 19,484; (c) that Buyer has submitted the affidavit required under law 17,904, updating the composition of the board of directors of the Company, provided, however, that such affidavit shall not need to have final clearance (*inscripcion definitiva*) from the registry until the 90th day after the Closing Date; and (d) that each Shareholder (except for any Shareholder that continues to be an employee or contractor of any Company Entity or the Buyer or its Affiliates) is no longer a director, administrator, officer or designated attorney-in-fact of any Company Entity and such modification has been registered or updated with the applicable parties or registries, as applicable. For the 90 days immediately following the Closing Date, Buyer shall use Commercially Reasonable Efforts to cooperate with the Shareholders for the release of the third-party guarantors of the office lease in the World Trade Center of Montevideo (floor 17th) and the release of the third-party guarantors of the lease of the offices in the World Trade Center of Montevideo (floor 16th) to the extent such office lease is not effectively terminated within such period; provided, that if such third-party guarantees have not been released during such period, then Buyer shall provide a deposit of up to six months' rent for such offices with the applicable landlord to cause such release.

ARTICLE VII. AMENDMENT

7.01. **Amendment.** This Agreement may not be amended except by an instrument in writing signed by Parent, on behalf of the Buyer Parties, and the Representative, on behalf of the Shareholders.

7.02. **Extension; Waiver.** Any agreement on the part of a party hereto to (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein shall be valid only if set forth in a written instrument signed by, as applicable, Parent, on behalf of the Buyer Parties, and the Representative, on behalf of the Shareholders, but such extension or waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

ARTICLE VIII. INDEMNIFICATION

8.01. **Agreement to Indemnify.** Following the Closing and subject to the limitations set forth herein,

(a) The Principal Shareholders shall jointly and severally with respect to themselves and with respect to all Shareholders and each Shareholder (other than the Principal Shareholders) shall

severally but not jointly (pro rata to their Shareholder Percentage), indemnify, defend and hold harmless the Buyer Parties and the Company Entities (and their respective Affiliates, officers, managers, directors, employees, representatives and agents) (the “**Buyer Indemnitees**” and, singularly, a “**Buyer Indemnitee**”) against and in respect of any and all Damages, by reason of or otherwise arising out of:

(i) any Buyer Indemnified Taxes;

Holdback Amount;

(ii) any Net Working Capital shortfall determined pursuant to Section 2.03(c) to the extent not paid from the

(iii) any claim by a Shareholder or former Shareholder of any Company Entity, or any other Person, against a Company Entity or any of its Affiliates or their respective officers, directors, employees or agents, based upon the calculations and determinations set forth on the Consideration Spreadsheet or any rights of a Shareholder in his capacity as such (other than the right of the Shareholders to receive the Total Consideration as set forth on the Consideration Spreadsheet), including the payment or non-payment of dividends or distributions to a Shareholder of any Company Entity;

(iv) reserved;

(v) any Transaction Expenses which are not paid by the Company or the Shareholders prior to the Closing or which are not reflected on the Closing Date Statement;

(vi) the matters set forth on Schedule 8.01(a)(vi); and

Agreement.

(vii) any breach of any representation or warranty regarding the Company contained in Article III of this

(b) The Shareholders shall severally and not jointly indemnify, defend and hold harmless the Buyer Indemnitees against and in respect of any and all Damages, by reason of or otherwise arising out of:

(i) any failure to perform or breach by the Company of any covenant contained in this Agreement (other than covenants to be performed by the Company after the Closing);

(ii) any failure to perform or breach by a Shareholder (solely with respect to such Shareholder) of any covenant contained in this Agreement; and

(iii) any breach by a Shareholder of any representation or warranty made by such Shareholder in Article IV and Section 6.01 of this Agreement.

(c) Notwithstanding the foregoing, the Buyer Indemnitees will not be entitled to indemnification pursuant to Section 8.01(a) or Section 8.01(b) unless the aggregate amount of all Damages for which indemnification is sought under Section 8.01(a) and Section 8.01(b) by the Buyer Indemnitees exceeds \$500,000 (the “**Buyer Indemnification Basket**”), in which case the Buyer Indemnitees will be entitled to indemnification for the full amount of such Damages; provided, further, that the Buyer Indemnification Basket shall not apply to any claim for indemnification based on (A) Sections 8.01(a)(i) through (vi) or Section 8.01(b)(i) through (ii) or (B) Sections 8.01(a)(vii) or Section 8.01(b)(iii) to the extent such claim relates to a breach of representation or warranty under Section 3.01 (Organization; Qualification), Section 3.02 (Capital Structure), Section 3.03 (Authority and Due Execution), Section 3.09 (Accounts Receivable), Section 3.12 (Taxes), Section 3.22 (Brokers’ and Finders’ Fees), Section 4.01 (Natural Person and Spousal and Partner Consent), Section 4.02 (Company Shares) and Section 4.03 (Authority and Due Execution) (such claims collectively, the “**Shareholder Carved-Out Liabilities**”).

(d) The Buyer Parties shall jointly and severally indemnify, defend and hold harmless the Shareholders (and their respective Affiliates, officers, managers, directors, employees,

representatives and agents) (the “**Shareholder Indemnitees**” and, singularly, a “**Shareholder Indemnitee**”) against and in respect of any and all Damages, by reason of or otherwise arising out of:

- (i) any failure to perform or breach by a Buyer Party of any covenant contained in this Agreement;
- (ii) any breach by a Buyer Party of any representation or warranty contained in this Agreement; or
- (iii) any Net Working Capital excess determined pursuant to Section 2.03(c) to the extent not paid from the

Holdback Amount;

provided, that, the Shareholder Indemnitees will not be entitled to indemnification pursuant to this Section 8.01(d) unless the aggregate amount of all Damages for which indemnification is sought by the Shareholder Indemnitees exceeds \$500,000 (the “**Shareholder Indemnification Basket**”), in which case the Shareholder Indemnitees will be entitled to indemnification for the full amount of such Damages; provided, further, that the Shareholder Indemnification Basket will not apply to any claim for indemnification based on item (i) or (iii) above (the “**Buyer Carved-Out Liabilities**”).

8.02. **Survival of Indemnity.**

(a) In the case of a claim based upon the inaccuracy or breach of a representation or warranty contained in Section 3.01 (Organization; Qualification), Section 3.02 (Capital Structure), Section 3.03 (Authority and Due Execution), Section 3.09 (Accounts Receivable), Section 3.12 (Taxes), Section 3.14 (Employment Matters), Section 3.22 (Brokers’ and Finders’ Fees), Section 4.01 (Natural Person and Spousal and Partner Consent), Section 4.02 (Company Shares) and Section 4.03 (Authority and Due Execution); Section 5.01 (Organization, Standing and Power); or Section 5.02 (Authority), the claim shall survive for a period of time equal to three months after the expiration of the applicable statute of limitations.

(b) In the case of a claim based upon the inaccuracy or breach of all other representations or warranties, other than those described in Section 8.02(a), the claim shall survive the Closing for a period of 24 months after the Closing,

(c) Except as noted in Section 8.02(a) or 8.02(b), in the case of a claim based upon (i) any failure of the Shareholders to pay, perform or discharge any Shareholder Carved-Out Liabilities, or (ii) any failure of Parent to pay, perform or discharge any Buyer Carved-Out Liabilities, in each such case the obligations of the applicable Indemnifying Party pursuant to Section 8.01, the claim shall survive indefinitely.

(d) Except as noted in Section 8.02(a), 8.02(b) or 8.02(c), all covenants and agreements of the parties, and any other claim for indemnification in accordance with this Article VIII shall survive indefinitely or for their express terms, as applicable.

(e) Any claims for indemnification in accordance with this Article VIII with respect to Damages resulting from any representation, warranty or covenant must be made (and will be null and void unless made) prior to the end of the applicable survival period. Upon expiration of such period, no Indemnifying Party shall have any liability for Damages under such indemnification obligations unless it has received written notice from an Indemnified Party claiming indemnification prior to the expiration of the applicable period as required.

8.03. **Additional Provisions.**

(a) **Limitations on Indemnified Amounts of the Shareholders.** In no event shall the aggregate indemnity obligations of the Shareholders for a breach of any representation or warranty under Section 8.01(a)(vii) and Section 8.01(b)(iii): (i) exceed an amount equal to 20% of the Total Consideration, except with respect to indemnity obligations with respect to the Shareholder Carved-Out

Liabilities (in which case Section 8.03(a)(iii) shall apply) and a claim based upon the inaccuracy or breach of a representation or warranty contained in Section 3.14 (Employment Matters) (in which case Section 8.03(a)(ii) shall apply); (ii) exceed an amount equal to 30% of the Total Consideration, except with respect to indemnity obligations with respect to the Shareholder Carved-Out Liabilities (in which case Section 8.03(a)(iii) shall apply); and (iii) exceed an amount equal to the Total Consideration; provided, however, that absent Fraud, in no case shall the liability of a Shareholder other than a Principal Shareholder for a breach of any representation or warranty under Section 8.01(a)(vii) exceed the amount of the Total Consideration such Shareholder actually receives. For the avoidance of doubt, the limitations on indemnified amounts set forth in Section 8.03(a)(i), Section 8.03(a)(ii) and Section 8.03(a)(iii) are not cumulative and, therefore, any indemnity obligation counted towards the limit of one such section shall count towards the limit of the other sections.

(b) Limitations on Indemnified Amounts of Parent. In no event shall Parent's aggregate indemnity obligations for a breach of any representation or warranty under Section 8.01(d)(ii) exceed an amount equal to the maximum potential aggregate indemnification obligations of all Shareholders as provided in Section 8.03(a).

(c) Satisfaction of Indemnification Obligations. The Buyer Parties agree that all indemnifiable Damages payable by the Shareholders shall be satisfied as follows:

(i) First, from cash held in the Escrow Account;

(ii) Second, from stock held in the Escrow Account, with any such Damages payable in whole (not fractional) shares of Parent Common Stock, rounded to the nearest whole number of shares;

(iii) Third, against the Holdback Amount, to the extent the claims against the Escrow Account exceed the Escrowed Consideration;

(iv) Fourth, against the Earnout Payments, if any, that would otherwise be due to the Shareholders pursuant to Section 2.02(c); and

(v) Fifth, against the Shareholders, subject in all cases to the provisions and limitations of this Article VIII.

(d) No Limitation in Event of Fraud. Notwithstanding any other provision hereof, nothing in this Article VIII (including the provisions of paragraphs (a), (b) or (c) of this Section 8.03) or otherwise shall limit, in any manner, any remedy at law or equity, to which any party may be entitled as a result of Fraud by a Shareholder, it being understood that no Shareholder shall be responsible for any Fraud committed by another Shareholder.

(e) Exclusivity of Remedy. Following the Closing (except in respect of claims based upon Fraud by a Shareholder, it being understood that no Shareholder shall be responsible for any Fraud committed by another Shareholder), the indemnification accorded by this Article VIII shall be the sole and exclusive remedy of the parties indemnified under this Article VIII in respect of any misrepresentation or inaccuracy in, or breach of, any representation or warranty made in this Agreement or in any document or certificate delivered pursuant hereto or the transactions contemplated by this Agreement. In the event of any breach or failure in performance after the Closing of any covenant or agreement, a non-breaching party shall also be entitled to seek specific performance, injunctive or other equitable relief against such breaching party.

(f) Subrogation. Upon making any payment to an Indemnified Party for any indemnification claim pursuant to this Article VIII, an Indemnifying Party shall be subrogated, to the extent of such payment, to any rights that the Indemnified Party may have against any other Persons with respect to the subject matter underlying such indemnification claim and the Indemnified Party shall take such actions as the Indemnifying Party may reasonably require to perfect such subrogation or to pursue such rights against such other Persons as the Indemnified Party may have.

(g) Insurance Proceeds. The amount of any Damages subject to indemnification hereunder or of any claim therefor shall be calculated net of any insurance proceeds or other cash receipts or sources of reimbursement received as an offset against such Damages (net of all direct collection expenses including any insurance premium increases directly related to such Damages) actually received by an Indemnified Party on account of such Damages.

(h) Total Consideration Adjustments. For all Tax purposes, amounts paid to or on behalf of any party as indemnification under this Agreement shall be treated as adjustments to the Total Consideration unless otherwise required by applicable Law.

(i) Escrow Release. In accordance with the Escrow Agreement, the parties hereto agree that any amounts remaining in the Escrow Account shall be released as follows, with any such release with respect to Parent Common Stock to be whole (not fractional) shares of Parent Common Stock, rounded to the nearest whole number of a share: (i) on the first anniversary of the Closing in the amount of (A) 41.7% of the then current value of the Escrowed Consideration, less (B) the aggregate amount of all claims that are properly and timely asserted under this Agreement but have not previously been resolved or satisfied in accordance with the Agreement as of such anniversary; (ii) on the second anniversary of the Closing in the amount of the then current value of the Escrowed Consideration, less the sum of (A) \$2,500,000, and (B) the aggregate amount of all claims that are properly and timely asserted under this Agreement but have not previously been resolved or satisfied in accordance with the Agreement as of such anniversary; and (iii) fully released on the fifth anniversary of the Closing, less the aggregate amount of all claims that are properly and timely asserted under this Agreement but have not previously been resolved or satisfied in accordance with the Agreement as of the fifth anniversary of the Closing.

(j) Disregard of Qualifiers. For purposes of this Article VIII, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Company Material Adverse Effect, Parent Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(k) Tax Matters. Notwithstanding anything in this Agreement to the contrary, the limitations set forth in Sections 8.03(a) and 8.03(b) shall not apply to any claim for Damages, by reason of or otherwise arising out of, any Buyer Indemnified Taxes pursuant to Section 8.01(a)(i).

8.04. Claim Notice; Definitions; Third Party Claim Procedures.

(a) Claim Notice. An Indemnified Party shall give each Indemnifying Party from whom indemnification is sought prompt written notice (a "**Claim Notice**") of any claim, demand, action, suit, proceeding or discovery of fact upon which the Indemnified Party intends to base the claim for indemnification under this Article VIII, which shall contain (i) a description and a good faith estimate of the amount of any Damages incurred or reasonably expected to be incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Article VIII for such Damages, and (iii) a demand for payment, provided, however, that no failure to give such Claim Notice shall excuse any Indemnifying Party from any obligation hereunder except to the extent the Indemnifying Party is materially and actually prejudiced by such failure. The Buyer Parties, the Shareholders and Representative agree that the procedures set forth in the Escrow Agreement with respect to Claim Notices and responses thereto shall govern all claims made against the Escrow Account.

(b) Third Party Claim Procedures. With respect to any Third Party Claim, the Indemnified Party shall give prompt notice of such Third Party Claim in accordance with Section 8.04(a), and the Indemnifying Party will have the right to defend the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party acknowledges in writing to the Indemnified Party and without qualification (or reservation of rights, other than those expressly set forth in this Agreement) its indemnification obligations as provided in this Section 8.04(b), (ii) the Indemnifying Party provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (iii) the Third Party Claim involves only money Damages and does not seek an injunction or other equitable relief, and (iv) settlement of, or an

adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests of the Indemnified Party. The Indemnified Party shall have the right to be represented by counsel at its own expense in any such contest, defense, litigation or settlement conducted by the Indemnifying Party provided that the Indemnified Party shall be entitled to reimbursement therefore if the Indemnifying Party shall lose its right to contest, defend, litigate and settle the Third Party Claim as provided in the following sentence. The Indemnifying Party shall lose its right to defend and settle the Third Party Claim if it shall fail to cure any failure to diligently contest, defend, litigate and settle the Third Party Claim as provided herein within 15 days of receiving notice thereof from the Indemnified Party. Notwithstanding the foregoing, the Indemnifying Party shall have no right to cure if: (A) the Indemnifying Party has previously received notice of any failure to diligently contest, defend, litigate or settle the Third Party Claim hereunder; or (B) the 15-day cure period would prejudice the interests of the Indemnified Party with respect to the Third Party Claim. So long as the Indemnifying Party has not lost its right to defend, litigate and settle or obligation to contest, defend, litigate and settle as herein provided, the Indemnifying Party shall have the exclusive right to contest, defend and litigate the Third Party Claim and shall have the right, upon receiving the prior written approval of the Indemnified Party (which shall not be unreasonably withheld or delayed unless such settlement does not fulfill the conditions set forth in the following sentence and which shall be deemed automatically given if a response has not been received within the 15-day period following receipt of the proposed settlement by the Indemnified Party), to settle any such matter, either before or after the initiation of litigation, at such time and upon such terms as it deems fair and reasonable. Notwithstanding anything to the contrary herein contained, in connection with any settlement negotiated by an Indemnifying Party, no Indemnified Party or Indemnifying Party (as the case may be) that is not controlling the defense or settlement of the Third Party Claim (the “**Non-Control Party**”) shall be required by an Indemnifying Party or Indemnified Party controlling the litigation to (and no such party shall) (1) enter into any settlement that does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Non-Control Party of a release from all liability in respect of such claim or litigation, (2) enter into any settlement that attributes by its terms liability to the Non-Control Party or which may otherwise have a materially adverse effect on the Indemnified Party’s business, or (3) consent to the entry of any judgment that does not include as a term thereof a full dismissal of the litigation or proceeding with prejudice (collectively, the “**Settlement Obligations**”). All expenses (including reasonable attorneys’ fees) incurred by the Indemnified Party in connection with the foregoing shall be paid by the Indemnifying Party. No failure by an Indemnifying Party to acknowledge in writing its indemnification obligations under this Section 8.04(b) shall relieve it of such obligations to the extent they exist. If an Indemnified Party is entitled to indemnification against a Third Party Claim, and the Indemnifying Party fails to accept a tender of, or assume, the defense of a Third Party Claim pursuant to this Section 8.04(b), or if, in accordance with the foregoing, the Indemnifying Party does not have the right or shall lose its right to contest, defend, litigate and settle such a Third Party Claim, the Indemnified Party shall have the right, without prejudice to its right of indemnification hereunder, in its discretion exercised in good faith and upon the advice of counsel, to contest, defend and litigate such Third Party Claim, and may settle such Third Party Claim, either before or after the initiation of litigation, at such time and upon such terms as the Indemnified Party deems fair and reasonable, provided that at least 20 days prior to any such settlement, written notice of its intention to settle is given to the Indemnifying Party, provided further that the Settlement Obligations are complied with and, provided further, that only in regards to Third Party Claims the Indemnifying Party did not have the right to contest, defend, litigate and settle such Third Party claim in accordance with this Agreement (but not, for the avoidance of doubt, in regards to Third Party Claims the Indemnifying Party lost the right to contest, defend, litigate and settle such Third Party Claim), then the Indemnified Party shall request the prior written consent of the Indemnifying Party to settle any such Third Party Claim (which consent shall not be unreasonably withheld, delayed or conditioned). If, pursuant to this Section 8.04(b), the Indemnified Party so contests, defends, litigates or settles a Third Party Claim, for which it is entitled to indemnification hereunder as provided herein, the Indemnified Party shall be reimbursed by the Indemnifying Party for the Damages that constitute reasonable attorneys’ fees and other expenses of defending, contesting, litigating or settling the Third Party Claim which are incurred from time to time, forthwith following the presentation to the Indemnifying Party of itemized bills for said attorneys’ fees and other expenses. The Indemnified Party or the Indemnifying Party, as the case may be, shall furnish such information in reasonable detail as it may have with respect to a Third Party Claim (including copies of any summons, complaint or other pleading which may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) to the other party if such other party is assuming defense of such claim, and make available all records and other similar

materials which are reasonably required in the defense of such Third Party Claim and shall otherwise cooperate with and assist the defending party in the defense of such Third Party Claim.

(c) Tax Matters. For the avoidance of doubt, in the event of any conflict between the provisions of this Section 8.04 and the provisions of Section 6.02(d) with respect to any Tax Proceeding, the provisions of this Section 6.02(d) shall govern.

8.05. **No Double Recovery**. Damages for which any Indemnified Party is entitled to indemnification under this Agreement shall be determined without duplication of recovery by reason of the state of facts giving rise to such indemnifiable Damages constituting a breach of more than one representation, warranty, covenant or agreement nor may more than one Indemnified Party recover monies arising of the same Damage that would duplicate the Damages paid. There shall be no recovery for any Damages to the extent such Damages have been taken into account in the determination of the Net Working Capital adjustment.

ARTICLE IX. REPRESENTATIVE

9.01. **Authorization of the Representative**. The Representative hereby is appointed, authorized and empowered to act as the agent (*mandatario con representación*) of the Shareholders in connection with, and to facilitate the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents, and in connection with the activities to be performed on behalf of the Shareholders under this Agreement and the Escrow Agreement, for the purposes and with the powers and authority hereinafter set forth in this Article IX and in the Escrow Agreement, which shall include the full power and authority:

(a) to execute and deliver the Escrow Agreement (with such modifications or changes thereto as to which the Representative, in his reasonable discretion, shall have consented to) and to agree to such amendments or modifications thereto as the Representative, in his reasonable discretion, may deem necessary or desirable to give effect to the matters set forth in Article VIII and this Article IX;

(b) to take such actions and to execute and deliver such amendments, modifications, waivers and consents in connection with this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby as the Representative, in his reasonable discretion, may deem necessary or desirable to give effect to the intentions of this Agreement and the other Transaction Documents;

(c) as the Representative of the Shareholders, to enforce and protect the rights and interests of the Shareholders and to enforce and protect the rights and interests of the Representative arising out of or under or in any manner relating to this Agreement, the Escrow Agreement and each other Transaction Document and, in connection therewith, to (i) resolve all questions, disputes, conflicts and controversies concerning (A) the determination of any amounts pursuant to Article II and (B) indemnification claims pursuant to Article VIII; (ii) employ such agents, consultants and professionals, to delegate authority to his agents, to take such actions and to execute such documents on behalf of the Shareholders in connection with Article II and Article VIII and the Escrow Agreement as the Representative, in his reasonable discretion, deems to be in the best interest of the Shareholders; (iii) assert or institute any claim, action, proceeding or investigation; (iv) investigate, defend, contest or litigate any claim, action, proceeding or investigation initiated by Parent, or any other Person, against the Representative or the Escrow Account, and receive process on behalf of any or all Shareholders in any such claim, action, proceeding or investigation and compromise or settle on such terms as the Representative shall determine to be appropriate, give receipts, releases and discharges on behalf of all of the Shareholders with respect to any such claim, action, proceeding or investigation; (v) file any proofs, debts, claims and petitions as the Representative may deem advisable or necessary; (vi) settle or compromise any claims asserted under Article II or Article VIII or under the Escrow Agreement; (vii) assume, on behalf of all of Shareholders, the defense of any claim that is the basis of any claim asserted under Article II or Article VIII or under the Escrow Agreement; and (viii) file and prosecute appeals from any decision, judgment or award rendered in any of the foregoing claims, actions, proceedings or

investigations, it being understood that the Representative shall not have any obligation to take any such actions, and shall not have liability for any failure to take any such action;

(d) to enforce payment from the Escrow Account and of any other amounts payable to Shareholders, in each case on behalf of Shareholders, in the name of the Representative;

(e) to authorize and cause to be paid out of the Escrow Account the full amount of any indemnification claims in favor of any Buyer Indemnitee pursuant to Article VIII and also any other amounts to be paid out of the Escrow Account pursuant to this Agreement and the Escrow Agreement;

(f) to cause to be paid from the Escrow Account to the Shareholders in accordance with Article VIII any Escrow Distributions;

(g) to waive or refrain from enforcing any right of any Shareholder or of the Representative arising out of or under or in any manner relating to this Agreement, the Escrow Agreement or any other Transaction Document; and

(h) to make, execute, acknowledge and deliver all such other agreements, guarantees, orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Representative, in his sole and absolute direction, may consider necessary or proper or convenient in connection with or to carry out the activities described in paragraphs (a) through (g) above and the transactions contemplated by this Agreement, the Escrow Agreement and the other Transaction Documents. The Buyer Parties shall be entitled to rely exclusively upon the communications of the Representative relating to the foregoing as the communications of the Shareholders. No Buyer Party shall be held liable or accountable in any manner for any act or omission of the Representative in such capacity. The grant of authority provided for in this Section 9.01 (i) is coupled with an interest and is being granted, in part, as an inducement to the Shareholders, Buyer Parties and the Representative to enter into this Agreement and shall be irrevocable and survive the death, incompetency, bankruptcy or liquidation of any Shareholders and shall be binding on any successor thereto, and (ii) shall survive any distribution from the Escrow Account, provided, however, the Representative may resign, provided, further, a new person is designated as representative by a consent of Shareholder(s) that, immediately before Closing, held more than 50% of the aggregate Company Shares.

9.02. Compensation; Exculpation; Indemnity.

(a) The Representative shall not be entitled to any fee, commission or other compensation for the performance of his service hereunder. Notwithstanding the foregoing, at the Closing, the Buyer Parties will wire to the Representative an amount of \$150,000.00 (the "**Expense Fund**"), which will be used for the purposes of paying directly, or reimbursing Representative for, any third party expenses pursuant to this Agreement and the Transaction Documents ancillary hereto. The Shareholders will not receive any interest or earnings on the Expense Fund and irrevocably transfer and assign to the Representative any ownership right that they may otherwise have had in any such interest or earnings. The Representative will not be liable for any loss of principal of the Expense Fund other than as a result of his gross negligence or willful misconduct. The Representative will hold these funds separate from his funds, will not use these funds for his operating expenses or any other corporate purposes and will not voluntarily make these funds available to his creditors in the event of bankruptcy. As soon as practicable following the completion of the Representative's responsibilities, the Representative shall disburse any remaining balance of the Expense Fund to the Shareholders, based on such Shareholders' respective pro rata share based on their ownership of the Company immediately prior to the Closing; and none of the Buyer Parties, the Company nor any of their post-Closing Affiliates shall be liable for any losses to any Person, including any Shareholder for any inaccuracy, error or omission in such disbursement. For tax purposes, the Expense Fund shall be treated as having been received and voluntarily set aside by the Shareholders at the time of Closing. The Representative is not acting as a withholding agent or in any similar capacity in connection with the distribution of the Expense Fund and is not responsible for any tax reporting or withholding with respect thereto.

(b) In dealing with this Agreement, the Escrow Agreement and any instruments, agreements or documents related thereto, and in exercising or failing to exercise all or any of the powers conferred upon the Representative hereunder or thereunder, (i) the Representative shall not assume any, and shall incur no, responsibility whatsoever to any Shareholder by reason of any error in judgment or other act or omission performed or omitted hereunder or in connection with this Agreement, the Escrow Agreement or any other Transaction Document, unless by the Representative's gross negligence or willful misconduct, and (ii) the Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Representative pursuant to such advice shall in no event subject the Representative to liability to any Shareholder unless by the Representative's gross negligence or willful misconduct. Except as set forth in the previous sentence, notwithstanding anything to the contrary contained herein, the Representative, in his role as Representative, shall have no liability whatsoever to the Shareholders, the Buyer Parties or any other Person.

(c) Each Shareholder, severally, shall indemnify the Representative up to, but not exceeding, an amount equal to the aggregate portion of the amounts received by such Person under Article II of this Agreement, which indemnification shall be paid by such Shareholders pro rata in accordance with the portion of the aggregate amounts received by such Person under Article II of this Agreement, against all damages, liabilities, claims, obligations, costs and expenses, including reasonable attorneys', accountants' and other experts' fees and the amount of any judgment against it, of any nature whatsoever, arising out of or in connection with any claim or in connection with any appeal thereof, relating to the acts or omissions of the Representative hereunder, under the Escrow Agreement or otherwise, except for such damages, liabilities, claims, obligations, costs and expenses, including reasonable attorneys', accountants' and other experts' fees and the amount of any judgment against the Representative that arise from the Representative's gross negligence or willful misconduct, including the willful breach of this Agreement or the Escrow Agreement. The foregoing indemnification shall not be deemed exclusive of any other right to which the Representative may be entitled apart from the provisions hereof. In the event of any indemnification under this Section 9.02(c), each Shareholder shall promptly deliver to the Representative full payment of his, her or its ratable share of such indemnification claim, and if not paid directly to the Representative by the Shareholders, any such Representative losses may be recovered by the Representative from (i) the funds in the Expense Fund and (ii) from any other amounts of cash or shares that may become payable to the Shareholders in connection with this Agreement at such time as any such amounts would otherwise be distributable to the Shareholders; provided, that while this Section 9.02(c) allows the Representative to be paid from the aforementioned sources, this does not relieve the Shareholders from their obligation to promptly pay such Representative losses as they are suffered or incurred, nor does it prevent the Representative from seeking any remedies available to it at law or otherwise. In no event will the Representative be required to advance his own funds on behalf of the Shareholders or otherwise.

(d) All of the indemnities, immunities and powers granted to the Representative under this Agreement shall survive the Closing or any termination of this Agreement and the Escrow Agreement.

ARTICLE X. GENERAL PROVISIONS

10.01. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given (a) when delivered by hand (with written confirmation from recipient); (b) when received by the addressee if sent by an internationally recognized courier (receipt requested); or (c) on the date sent by e-mail (upon transmission), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to a Buyer Party, to:

Perficient, Inc.
555 Maryville University Drive, Suite 600
St. Louis, Missouri 63141
Attn: Paul E. Martin, Chief Financial Officer

Phone: 314.529.3600
E-mail: paul.martin@perficient.com

with a copy (which shall not constitute notice) to:

Thompson Coburn LLP
One US Bank Plaza
St. Louis, Missouri 63101
Attention: Michele C. Kloeppe
Phone: 314.552.6170
E-mail: mkloeppe@thompsoncoburn.com

(b) if to a Shareholder, to the Representative:

Martín Troisi Ferrán
Cardona 1007 Montevideo, Uruguay
Zip code 11300
E-mail: mtroisi@gmail.com

with a copy (which shall not constitute notice) to:

vstringa@gis.uy;
mraffo@gis.uy;
agarcia@gis.uy; and

Guyer & Regules
Plaza Independencia 811, PB (Ground Floor)
Montevideo, Uruguay 11000
Attention: Guzman Rodríguez and Federico Piano
Email: grodriguezcarrau@guyer.com.uy and fpiano@guyer.com.uy

10.02. **Interpretation.** The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder; provided, however, that for purposes of any representation or warranty contained in this Agreement, references to any agreement, instrument, statute, rule or regulation shall be deemed to refer to such contract, instrument, statute, rule or regulation as amended or supplemented, in regards to representations and warranties that are made as of a specific date or dates, as of the such applicable date and in regards to representations and warranties that are not made as of a specific date, as of the date hereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All references to “dollars” or “\$” herein shall mean U.S. dollars and all payments made under this Agreement shall be in U.S. dollars.

10.03. **Counterparts and Facsimile Signatures.** This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Furthermore, this Agreement may be executed by the electronic or facsimile signature of any party hereto; it being agreed that the electronic or

facsimile signature of any party hereto shall be deemed an ink-signed original for all purposes. Counterparts may be delivered via facsimile, electronic mail (including PDF) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

10.04. **Entire Agreement.** This Agreement (including the other Transaction Documents and all other documents and the instruments delivered pursuant hereto or otherwise referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

10.05. **Governing Law; Dispute Resolution.**

(a) This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to any applicable conflicts of law principles thereof.

(b) Any controversy or claim arising out of relating to this Agreement, or the breach thereof, shall be determined by arbitration administered by the International Centre for Dispute Resolution (the “Centre”) in accordance with its International Arbitration Rules (the “Arbitration Rules”).

(c) The number of arbitrators shall be three. Parent on behalf of the Buyer Parties, on one side, and the Representative on behalf of the Shareholders, on the other side, shall choose its respective arbitrator, according to the Arbitration Rules, and the arbitrators appointed by the parties shall jointly appoint a third arbitrator. In case there is no consent regarding the nomination of the presiding arbitrator within the term stipulated in the Arbitration Rules, such appointment shall be made by the Centre.

(d) The arbitration shall be held in the Borough of Manhattan, New York, New York, United States of America. If the parties or the arbitrators, however, deem necessary the practice of acts (such as taking of evidence or, conduction of hearings, etc.) in a different place than the seat of arbitration, the arbitrators shall determine, with justification, the practice of acts in other locations. The arbitration award shall be definitive and shall bind the parties, their successors and assignees. The parties expressly waive any type of appeal against the arbitration award. The arbitration shall be based on the provision of the law, considering that the arbitrators may not render a decision based on equity. The arbitration shall be held, and the award rendered, in English.

(e) Subject to Section 10.07, all the arbitrators’ fees and arbitration costs shall be borne as allocated by the arbitrators.

(f) Any of the parties is entitled to file with the competent judicial authority any injunction or preliminary relief needed. Such filing shall not affect the existence, validity and effectiveness of the arbitration agreement, nor will it represent any waiver of the arbitration and the enforceability of the arbitral awards. Notwithstanding the foregoing, the merits of the dispute shall be the full and exclusive competence of the arbitrators. Once the arbitrators are appointed, they shall have the power to maintain, terminate, modify or extend the contents of the injunction of preliminary relief granted.

(g) Unless the parties expressly agree in writing stating otherwise and unless required by the governing law, the parties, their respective representatives, the witnesses, experts, technical assistants, secretaries of the Centre and the arbitrators undertake, as general principle, to keep confidential the existence, content and all the reports and awards pertinent to the arbitration procedure, along with all material used therein and created for the purposes pertinent to it, as well as other documents produced by the other party during the arbitration procedure which in other way are not of public domain.

(h) For the measures provided in Section 10.05(f), for any action brought to compel submission of a controversy related to this Agreement to arbitration, for the enforcement of any decisions of the arbitrators and for the enforcement of the arbitration award, the parties elect the venue of the U.S.

federal district court for the Southern District of New York as the only one competent, waiving any others, as special or privileged as they may be.

10.06. **Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is deemed to be so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

10.07. **Expenses; Costs and Attorneys' Fees.** Each party shall bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby. If any action, suit, or other proceeding is instituted concerning or arising out of this Agreement or any transaction contemplated under this Agreement, the prevailing party shall be entitled to recover all of such party's costs and reasonable attorneys' fees incurred in each such action, suit, or other proceeding, including any and all appeals or petitions from any such action, suit or other proceeding.

10.08. **Assignment.** Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties; provided, however, any Buyer Party may assign this Agreement and its rights, interests and obligation hereunder, to any party that acquires substantially all of the assets of such Buyer Party and expressly assumes all the obligations, duties and liabilities of such Buyer Party set forth in this Agreement, and provided, further, such Buyer Party shall remain primarily responsible for performance of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Except as otherwise expressly provided herein, this Agreement (including the documents and instruments delivered pursuant hereto or otherwise referred to herein) is not intended to, and shall not, confer upon any Person other than the parties hereto and the Shareholders any rights or remedies hereunder.

10.09. **No Third Party Beneficiaries.** Except as otherwise provided in this Agreement, it is for the sole benefit of the parties hereto and their respective successors and permitted assignees and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.10. **Termination of Shareholders Agreement.** By executing this Agreement, each Shareholder hereby agrees that the Shareholders Agreement is hereby terminated, simultaneously with the execution of this Agreement. Each Shareholder acknowledges that the Shareholders' Agreement terms and conditions have been strictly complied with and that he or she has no pending claim to the other Shareholders in regards to the Shareholders Agreement or in relation to the matters thereof; to the extent there exists any such claim, each Shareholder hereby releases and discharges all claims against the other Shareholders as a result of any breach or alleged breach of the Shareholders Agreement.

10.11. **Automatic Default.** Unless otherwise stipulated in this Agreement by means of the possibility of curing a failure to perform duties, failure to abide by the provisions hereof shall constitute automatic default without need for judicial or extrajudicial action.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first above written.

PARENT:
Perficient, Inc.

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

BUYER:
Perficient UK Limited

By: /s/ Paul E. Martin
Name: Paul E. Martin
Title: Director

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first above written.

COMPANY:

Izmul S.A.

By: /s/ Martín Troisi Ferrán
Name: Martín Troisi Ferrán
Title: President

REPRESENTATIVE:

/s/ Martín Troisi Ferrán
Martín Troisi Ferrán
SHAREHOLDERS:

/s/ Martín Troisi Ferrán
Martín Troisi Ferrán

/s/ Juan José Zangaro Cabrera
Juan José Zangaro Cabrera

/s/ Sebastián Martínez Lobarinas
Sebastián Martínez Lobarinas

/s/ Alfredo Santiago Burgues López
Alfredo Santiago Burgues López

/s/ Gonzalo Ignacio Cuiñas Isola
Gonzalo Ignacio Cuiñas Isola

/s/ Pablo Darío Taraciuk Vainer
Pablo Darío Taraciuk Vainer

/s/ Nicolás Chiappara Algorta
Nicolás Chiappara Algorta

/s/ Andrés Levin Fiorelli
Andrés Levin Fiorelli

/s/ Gerardo Gabriel Fernández Sulé
Gerardo Gabriel Fernández Sulé

/s/ Juan Andrés Berón García
Juan Andrés Berón García

/s/ Alex Javier Presa Barreto
Alex Javier Presa Barreto

/s/ Nicolás Guillermo Pagliaro
Nicolás Guillermo Pagliaro

/s/ Gabriel Inchausti Blixen
Gabriel Inchausti Blixen

Subsidiaries

Perficient Canada Corp.
 BoldTech International, LLC
 BoldTech Systems (Hangzhou), Ltd.
 Perficient India Private Limited
 Perficient UK Ltd.
 Perficient d.o.o. Novi Sad
 Productora de Software S.A.S.
 Talos Digital S.A.S.
 TCOMM S.A.S.
 Izmul S.A.
 Overactive SPA
 Soft OA S.R.L.
 Lundol Trade S.A.
 Overactive Inc.
 One Button World LLC
 Overactive S.A.S.
 First Plus Soft S.A.U.

Subsidiaries**Jurisdiction**

Province of British Columbia, Canada
 Colorado
 People's Republic of China
 India
 United Kingdom
 Serbia
 Colombia
 Colombia
 Colombia
 Uruguay
 Chile
 Uruguay
 Uruguay
 Puerto Rico
 Delaware
 Colombia
 Argentina

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-257461, 333-130624, 333-160465, 333-183422, 333-198589, 333-219660) on Form S-8 of our report dated February 24, 2022, with respect to the consolidated financial statements of Perficient, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

St. Louis, Missouri
February 24, 2022

CERTIFICATIONS

I, Jeffrey S. Davis, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2022

By: /s/ Jeffrey S. Davis
Jeffrey S. Davis
Chief Executive Officer

CERTIFICATIONS

I, Paul E. Martin, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2022

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

**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-K for the fiscal year ended December 31, 2021, 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: February 24, 2022

By: /s/ Jeffrey S. Davis
Jeffrey S. Davis
Chief Executive Officer (*Principal Executive Officer*)

Date: February 24, 2022

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