



## FOR IMMEDIATE RELEASE

### For more information, contact:

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Dan Klein

Perficient, Inc.

314-995-8806

[dklein@perficient.com](mailto:dklein@perficient.com)

## PERFICIENT REPORTS THIRD QUARTER RESULTS

**AUSTIN, Texas – October 23, 2001** – Perficient, Inc. (NASDAQ: [PREFI](#)), a leading eBusiness solutions provider to Global 2000 and major midsize companies, today reported financial results for the third quarter ended September 30, 2001. Revenue for the quarter was \$4,810,000 versus \$6,720,000 in the third quarter of 2000, which resulted in a pro forma net loss of \$61,000 or \$0.01 loss per share compared to a pro forma net income of \$217,000 or \$0.03 per share for the same period of 2000. Including the results of the pending acquisition of Vertecon (scheduled to close in the first quarter of 2002), revenue for the quarter would have been \$6,577,000 with a pro forma net loss of \$167,000 or \$0.02 per share.

### Third Quarter Highlights

On September 30, 2001, Perficient signed a definitive agreement to acquire Vertecon, a leading St. Louis based eBusiness solutions firm. That transaction is expected to add significant Big 5-caliber consulting expertise, broaden the range of end-to-end eBusiness solutions that Perficient can offer its base of over 250 Global 2000 customers, boost total headcount to over 175 and further Perficient's strategy to build the dominant eBusiness solutions provider in the Midwestern and Southwestern United States.

Among other accomplishments in the third quarter, Perficient:

- ❑ Expanded its \$73.5 million outsourcing relationship with IBM to include WebSphere Portal Server, IBM's exciting new product offering in the rapidly growing enterprise portal market segment.
- ❑ Achieved positive cash flow from operations, lowered DSO's to 69 days, and paid off all borrowings under its line of credit.
- ❑ Reduced annualized costs by \$3.4 million, with over \$2.7 million in savings achieved through cost synergies taken in anticipation of the closing of the Vertecon transaction (because the bulk of the acquisition savings were realized in September, only approximately \$160,000 are reflected in third quarter results).
- ❑ Worked on technology design and implementation and eBusiness consulting projects for more than 70 end-user clients including Chevron, Kemper Insurance, and Toronto Dominion Bank.

"We continue to demonstrate that Perficient will not only survive the market downturn, but will emerge as an industry leader on the other side," said Jack McDonald, Chairman and CEO of Perficient. "The pending Vertecon acquisition continues our focused plan of organic growth and acquisitions in a number of vital but underserved Midwestern markets," he added. "In addition, our IBM outsourcing relationship continues to benefit from strong growth in WebSphere™ product sales, which IBM recently announced were up 75% in the third quarter."

For the third quarter, Perficient's reported net loss was \$32,380,000 or \$5.22 loss per share compared to a net loss of \$4,485,000 or \$0.90 per share for the same period of 2000. The net loss for the quarter includes an impairment charge of \$27 million for acquired intangibles, and \$211,000 of costs associated with severance and other termination benefits associated with the pending acquisition and ongoing cost reduction initiatives.

The impairment charge is a one-time non-cash charge Perficient recorded to write down the carrying value of its goodwill by approximately \$27 million. The majority of this goodwill arose from the acquisition of Compete in May 2000 and was recorded at the current value of the common stock at the time the merger agreement was executed and announced. The general decline in the services industry and related market valuations, among other factors, resulted in Perficient recognizing an impairment charge to reduce its goodwill to equal



management's estimate of fair value of the acquired assets based on the anticipated undiscounted cash flows from those assets.

Pro forma net income and net income per share exclude the impact of goodwill amortization, depreciation, stock compensation, other non-cash expenses, goodwill impairment charge, acquisition related expenses, and costs associated with restructuring activities.

#### **Investor Conference Call**

Perficient has scheduled an investor conference call at 4:30 p.m. EDT today, October 23 to discuss the company's third quarter results. Investors and other interested parties may listen to the call by dialing toll-free (888) 273-9890. The call will be available for playback beginning October 23 at 8:00 p.m. EDT and ending one week later on October 30 at 11:59 p.m. EDT. The playback number is (800) 475-6701, or (320) 365-3844 outside the United States, and the access code is 608430.

#### **About Perficient**

Perficient, a leading eBusiness solutions provider to Global 2000 and major midsize companies, enables its clients and partners to optimize profitability and strengthen customer relationships through reliable, quick-to-market eBusiness solutions. Perficient employs more than 175 professionals in six offices in the United States, Canada and Europe. Perficient's partners are leading eBusiness technology and services providers including IBM, Sun, Microsoft, Oracle, Digex, Vignette, Intranet Solutions, Autonomy and Interwoven. For more information, visit Perficient's Web site at [www.perficient.com](http://www.perficient.com).

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#### **Safe Harbor Statement**

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This news release contains forward-looking statements, particularly with respect to our position for growth and the effectiveness of our model, anticipated cost savings, our ability to complete and successfully integrate the Vertecon, Inc. acquisition, and the size, strength and effectiveness of the combined companies, that are subject to risk and uncertainties, including, but not limited to, the impact of competitive services, demand for services like those provided by the Company and market acceptance risks, fluctuations in operating results, cyclical market pressures on the technology industry and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. Our reported results may be subject to adjustments, reserves, and other items that may be identified during the normal year-end audit process. The pro-forma financial information including Vertecon gives effect to the proposed acquisition of Vertecon, Inc. and assumes this transaction had occurred at the beginning of the period presented. The Vertecon, Inc. merger is subject to various conditions, including the receipt of stockholder approval of the issuance of stock and the occurrence of a closing by April 30, 2002. We cannot be sure that the historical results of Vertecon will reflect the future performance of Perficient.



**Perficient, Inc.**

**Pro Forma Consolidated Statements of Operations Including the Effect of Significant Acquisitions**

	<b>Three Months Ended September 30,</b>		
	<b>2000</b>	<b>2001</b>	<b>(including Vertecon) 2001</b>
		<b>(unaudited)</b>	
Consulting revenues	\$ 6,719,622	\$ 4,503,047	\$ 6,269,882
Software revenues	-	306,791	306,791
Total revenues	6,719,622	4,809,838	6,576,673
Cost of consulting revenues	3,351,953	2,698,829	3,656,866
Cost of software revenues	-	275,778	275,778
Gross margin	3,367,669	1,835,231	2,644,029
Selling, general and administrative	2,993,675	1,918,995	2,869,557
Total pro forma operating income (loss) (A)	373,994	(83,764)	(225,528)
Interest income (expense), net	(29,256)	(12,493)	(39,320)
Pretax pro forma net income (loss) (A)	344,738	(96,257)	(264,848)
Pro forma provision (benefit) for income taxes (B)	127,553	(35,615)	(97,994)
Pro forma net income (loss) (A)	\$ 217,185	\$ (60,642)	\$ (166,854)
Pro forma net income (loss) per share (A):			
Basic	\$ 0.04	\$ (0.01)	\$ (0.02)
Diluted	\$ 0.03	\$ (0.01)	\$ (0.02)
Shares used in computing basic pro forma net income (loss) per share	4,979,620	6,207,470	7,870,955
Shares used in computing diluted pro forma net income (loss) per share	6,859,734		

(A) Pro forma operating income (loss), pretax pro forma net income (loss), pro forma net income (loss) and pro forma net income (loss) per share exclude the impact of goodwill amortization, depreciation, stock compensation, intangibles impairment charge, acquisition related expenses, other non-cash expenses and other one time gains and charges. One time charges of Perficient during the third quarter of 2001 include the restructuring charge for severance and other termination benefits associated with the recently announced acquisition of Vertecon in addition to cost reduction initiatives taken. Selling, general and administrative expenses during 2001 for Perficient exclude depreciation expense of \$131,950.

(B) Pro forma net income (loss) and pro forma net income (loss) per share include a tax provision (benefit) at an assumed effective rate of 37%.

Pro forma results of operations including the results of Vertecon for the three months ended September 30, 2001 have been prepared as if the acquisition had occurred at the beginning of the period presented. This information is not necessarily indicative of the pro forma results of operations we would have obtained had we owned and operated Vertecon as of that date. The acquisition of Vertecon is pending shareholder approval among other approvals and there can be no assurances that the acquisition of Vertecon will be completed.



**Perficient, Inc.**  
**Consolidated Statements of Operations**

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2000</b>	<b>2001</b>
	<b>(unaudited)</b>	
Consulting revenues	\$ 6,719,622	\$ 4,503,047
Software revenues	<u>-</u>	<u>306,791</u>
Total revenues	6,719,622	4,809,838
Cost of consulting revenues	3,351,953	2,698,829
Cost of software revenues	<u>-</u>	<u>275,778</u>
Gross margin	3,367,669	1,835,231
Selling, general and administrative	3,074,206	2,050,945
Stock compensation	19,000	281,623
Intangibles amortization	4,730,444	4,911,019
Impairment charge	-	26,798,178
Restructuring	<u>-</u>	<u>211,327</u>
Loss from operations	(4,455,981)	(32,417,861)
Interest income (expense), net	<u>(29,256)</u>	<u>(12,493)</u>
Loss before income taxes	(4,485,237)	(32,430,354)
Benefit for income taxes	<u>-</u>	<u>(50,000)</u>
Net loss	<u><u>\$ (4,485,237)</u></u>	<u><u>\$ (32,380,354)</u></u>
Basic and diluted net loss per share	<u><u>\$ (0.90)</u></u>	<u><u>\$ (5.22)</u></u>
Shares used in computing net loss per share	<u><u>4,979,620</u></u>	<u><u>6,207,470</u></u>



**Perficient, Inc.**  
**Consolidated Balance Sheets**

	<b>December 31,</b> <b>2000</b>	<b>September 30,</b> <b>2001</b> <b>(unaudited)</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 842,481	\$ 526,304
Accounts receivable, net	7,038,794	3,633,391
Income tax receivable	10,916	-
Other current assets	42,400	52,484
Total current assets	7,934,591	4,212,179
Property and equipment, net	804,406	601,146
Goodwill, net	45,558,173	4,151,991
Other noncurrent assets	317,772	256,298
Total assets	<u>\$ 54,614,942</u>	<u>\$ 9,221,614</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 358,779	\$ 262,325
Note payable to related party	224,969	-
Line of credit	1,500,000	-
Current portion of note payable	3,338	3,171
Current portion of capital lease obligation	81,415	56,389
Other current liabilities	2,392,568	1,369,541
Total current liabilities	4,561,069	1,691,426
Note payable, less current portion	7,232	4,492
Capital lease obligation, less current portion	72,694	5,776
Total liabilities	4,640,995	1,701,694
Stockholders' equity:		
Common stock	6,252	6,261
Additional paid-in capital	65,049,514	65,873,197
Unearned stock compensation	(76,000)	(230,466)
Accumulated other comprehensive loss	(1,665)	(52,940)
Retained deficit	(15,004,154)	(58,076,132)
Total stockholders' equity	49,973,947	7,519,920
Total liabilities and stockholders' equity	<u>\$ 54,614,942</u>	<u>\$ 9,221,614</u>