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virtusa

Undertecknad styrelseledamot i Virtusa AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman 30 september 2022. Årstämman beslutade att godkänna styrelsens förslag till hur vinsten ska disponeras.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalet.

Stockholm 30 september 2022

.....

Ort och datum

.....

Underskrift

Johan Brummer

.....

Namnförtydligande

20221019027 30

Årsredovisning

för

Virtusa AB

556510-7918

Räkenskapsåret

2021–04–01 – 2022–03–31

Jag intygar att denna kopia
är överensstämmer med originalet!
Anett Eriksson
0704-809923

20221019027731

Styrelsen för Virtusa AB avger följande årsredovisning för räkenskapsåret 2021–04–01 – 2022–03–31.

Förvaltningsberättelse

Verksamheten
Virtusa AB erbjuder expertkunskap och lösningar för den finansiella sektorn såsom corporate treasury inom banker, statliga myndigheter samt finansiella institut. Affärsområdena är uppdelade i tre större delar, men går samtidigt in i varandra för att skapa mervärde för kunden. Det är business support, financial systems consulting och financial services consulting.

Business support är en sourcingtjänst där kunder erhåller paketerad spjutspetskompetens inom corporate treasury, capital markets och asset management. Business Support teamet förvaltar affärskritiska system och processer för flera av Sveriges största bolag och banker med support dygnet runt och SOX-certifiering (Sarbanes-Oxley Act).

Inom financial system consulting och financial services consulting erbjuder Virtusa erfarna konsulter för spetsade lösningar inom bland annat stöd för finansiella applikationer, ledning av finansiella system, systemoptimering, BPM (business process management), samt rådgivning, utveckling och upphandling av programvara.

Företaget har sitt säte i Stockholm.

Väsentliga händelser under och efter räkenskapsåret

Verksamhetsåret 2022 var ett bättre år jämfört med de senaste åren. Vi kunde fortsätta på vår återhämtningsväg. Vi ökade våra intäkter med 15 % och lyckades hålla kostnaderna under kontroll vilket hjälpte oss att fortsätta vår resa för att förbättra våra rörelsemarginaler. För år 2022 avslutar vi med en positiv marginal på 4%.

Ledningen är nöjd med att strukturförändringarna och optimeringsplanen fortsätter att fungera väl då vi är på väg att fortsätta vår resa för att bli lönsamma. Styrelsen fortsätter att övervaka de geopolitiska förändringar som orsakats av Rysslands invasion av Ukraina. Styrelsen förväntar sig ingen omedelbar effekt på grund av detta.

Uttalandena, inklusive de som hänför sig till våra tillväxtstrategier och vår förväntade eller potentiella framtida verksamhet, är baserade på ledningens nuvarande förväntningar och vissa väsentliga antaganden och innebär följaktligen risker och osäkerhetsfaktorer som kan göra att faktiska resultat, prestationer eller händelser avviker väsentligt från de som uttrycks eller antyds däri.

Ägarförhållanden

Virtusa AB ägs till 100% av Virtusa International B.V., 34295390. Moderbolaget i den största gruppen av dotterbolag och koncernredovisning är Virtusa Corporation, baserat i USA.

20221019027732

Flerårsöversikt (Tkr)	**2021/22**	**2020/21**	**2019/20**	**2018/19**	**2017/18**
Nettoomsättning	87 162	74 741	67 942	76 317	103 276
Resultat efter finansiella poster	4 279	-5 024	-21 568	-36 350	-9 012
Antal anställda	33	45	52	77	66
Avkastning på eget kap. (%)	0,0	0,0	neg	neg	neg
Soliditet (%)	17,5	5,1	12,2	27,9	21,5
Kassalikviditet (%)	106,7	84,0	95,4	106,5	90,7
Balansomslutning	23 885	31 331	62 546	49 662	64 097

Förändring av eget kapital

	Aktie-kapital	**Reserv-fond**	**Aktieägar-tillskott**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	477 000	80 000	16 339 580	-8 973 719	-6 337 280	**1 585 581**
Disposition enligt beslut av årets årsstämma:						
Balanseras i ny räkning				-6 337 280	6 337 280	**0**
Justering aktieägartillskott			1 195			**1 195**
Årets resultat					2 514 089	**2 514 089**
Belopp vid årets utgång	**477 000**	**80 000**	**16 340 775**	**-15 310 999**	**2 514 089**	**4 100 865**

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	1 029 745
årets vinst	2 514 089
	3 543 834
disponeras så att	
i ny räkning överföres	3 543 834
	3 543 834

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

CE

20221019027333

Resultaträkning

	Not	2021-04-01 -2022-03-31	2020-04-01 -2021-03-31
Nettoomsättning		87 161 806	74 741 199
Övriga rörelseintäkter		40 955	0
		87 202 761	**74 741 199**
Rörelsens kostnader			
Övriga externa kostnader	2, 3	-49 224 141	-37 171 988
Personalkostnader	4	-31 706 075	-40 843 121
Avskrivningar av immateriella anläggningstillgångar		-1 754 167	-421 000
Avskrivningar av materiella anläggningstillgångar		-239 663	-289 493
Övriga rörelsekostnader		0	-1 044 270
		-82 924 046	**-79 769 872**
Rörelseresultat	5	**4 278 715**	**-5 028 673**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter		0	5 124
Resultat efter finansiella poster		**4 278 715**	**-5 023 549**
Överavskrivningar		-97 728	2 244 892
Resultat före skatt		**4 180 987**	**-2 778 657**
Skatt på årets resultat	6	-1 666 898	-3 558 623
Årets resultat		**2 514 089**	**-6 337 280**

CE

20221019027734

Balansräkning

	Not	2022-03-31	2021-03-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Kundkontrakt	7	0	0
Goodwill	8	0	1 754 170
		0	**1 754 170**
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	9	373 830	613 492
Övriga materiella anläggningstillgångar		56 800	56 800
		430 630	**670 292**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	10, 11	59 714	59 714
Andra långfristiga värdepappersinnehav	12	0	446 395
Uppskjuten skattefordran	13	1 848 987	3 075 619
Andra långfristiga fordringar		550 000	350 000
		2 458 701	**3 931 728**
Summa anläggningstillgångar		**2 889 331**	**6 356 190**
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		9 101 844	11 871 079
Aktuella skattefordringar		2 621 399	2 497 230
Övriga fordringar		41 341	118 402
Förutbetalda kostnader och upplupna intäkter	14	8 052 401	4 817 741
		19 816 985	**19 304 452**
Kassa och bank		1 179 142	5 670 535
Summa omsättningstillgångar		**20 996 127**	**24 974 987**
SUMMA TILLGÅNGAR		**23 885 458**	**31 331 177**

LE

20221019027735

Balansräkning

	Not	2022-03-31	2021-03-31
EGET KAPITAL OCH SKULDER			
Eget kapital	15		
Bundet eget kapital			
Aktiekapital	16	477 000	477 000
Reservfond		80 000	80 000
		557 000	**557 000**
Fritt eget kapital			
Balanserad vinst eller förlust		1 029 745	7 365 830
Årets resultat	15	2 514 089	-6 337 280
		3 543 834	**1 028 550**
Summa eget kapital		**4 100 834**	**1 585 550**
Obeskattade reserver	17	97 725	0
Kortfristiga skulder			
Leverantörsskulder		561 393	242 402
Skulder till koncernföretag		2 085 732	7 239 567
Övriga skulder		1 909 217	3 743 611
Upplupna kostnader och förutbetalda intäkter	18	15 130 557	18 520 047
Summa kortfristiga skulder		**19 686 899**	**29 745 627**
SUMMA EGET KAPITAL OCH SKULDER		**23 885 458**	**31 331 177**

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Kassaflödesanalys

	Not	2021-04-01 -2022-03-31	2020-04-01 -2021-03-31
Den löpande verksamheten			
Resultat efter finansiella poster		4 278 716	-5 023 549
Justeringar för poster som inte ingår i kassaflödet		1 952 874	1 754 763
Betald skatt/(återvunnen)		1 005 679	2 657 820
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**7 237 269**	**-610 966**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av kundfordringar		2 769 235	4 276 697
Förändring av kortfristiga fordringar		-3 157 599	5 667 115
Förändring av leverantörsskulder		318 991	-431 570
Förändring av kortfristiga skulder		-11 946 639	-25 069 795
Kassaflöde från den löpande verksamheten		**-4 778 743**	**-16 168 519**
Investeringsverksamheten			
Investeringar i finansiella anläggningstillgångar		246 395	0
Finansieringsverksamheten			
Erhållna aktieägartillskott		0	2 031 780
Årets kassaflöde		**-4 532 348**	**-14 136 739**
Likvida medel vid årets början			
Likvida medel vid årets början		5 670 535	20 851 545
Kursdifferens i likvida medel			
Kursdifferens i likvida medel		40 955	-1 044 270
Likvida medel vid årets slut		**1 179 142**	**5 670 536**

20221019027J7

Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

För säkring av tillgång eller skuld mot valutakursrisk används valutaterminer.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Inkomster från uppdrag på löpande räkning och till fast pris redovisas som intäkt i takt med att arbetet utförs och material levereras eller förbrukas innebärande att vinsten från uppdragen avräknas successivt.

Om det inte är sannolikt att betalning kommer att erhållas för belopp som redan har redovisats som intäkt redovisas det belopp som sannolikt inte kommer att erhållas som en kostnad.

I balansräkningen jämförs redovisade intäkter med de belopp som fakturerats beställaren under samma period. Om de fakturerade beloppen överstiger den redovisade intäkten utgör mellanskillnaden en skuld, vilken redovisas som fakturerad men ej upparbetad intäkt. Om intäkten överstiger de fakturerade beloppen utgör mellanskillnaden en fordran vilken redovisas som upparbetad men ej fakturerad intäkt.

Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde.

Vi förväntar oss att ha fortsatt samarbete från de förvärvade kunderna över tio år från inköpsdatum. Därför skrivs goodwill- och kundavtalet av på tio år.

Följande avskrivningsprocent tillämpas:

Inventarier	7 år
Datorer	3 år
Goodwill	10 år
Kundkontrakt	10 år

Leasingavtal
Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

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Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Ersättningar till anställda
Aktierelaterade ersättningar avser ersättningar till anställda i enlighet med ett personaloptionsprogram som startades 2014. Personalkostnader redovisas för värdet på erhållna tjänster, periodiserat över programmets intjänandeperioder, beräknat som det verkliga värdet på de tilldelade egetkapitalinstrumenten. Det verkliga värdet fastställs vid tilldelningstidpunkten, det vill säga då Virtusa och de anställda ingått överenskommelse om villkoren och bestämmelserna för programmet.

Koncernförhållanden
Virtusa AB som utgör moderföretag för en koncern med dotterföretag enligt not 13, upprättar ej koncernredovisning i enlighet med ÅRL 7:2, då företaget och dess samtliga dotterföretag omfattas av en koncernredovisning som upprättas av Virtusa Coporation.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Antal anställda
Medelantal anställda under räkenskapsåret.

Avkastning på eget kap. (%)
Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt).

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Kassalikviditet (%)
Omsättningstillgångar exklusive lager och pågående arbeten i procent av kortfristiga skulder.

Balansomslutning
Företagets samlade tillgångar.

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Not 2 Leasingavtal

Årets leasingkostnader avseende leasingavtal, uppgår till 2 594 407 kronor (3 561 482 kronor).

Framtida leasingavgifter, för icke uppsägningsbara leasingavtal, förfaller till betalning enligt följande:

	2021-04-01 -2022-03-31	**2020-04-01 -2021-03-31**
Inom ett år	1 576 207	2 512 761
Senare än ett år men inom fem år	967 520	4 468 208
	2 543 727	**6 980 969**

Not 3 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2021-04-01 -2022-03-31	**2020-04-01 -2021-03-31**
Grant Thornton Sweden AB		
Revisionsuppdrag	176 808	150 000
	176 808	**150 000**

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Not 4 Anställda och personalkostnader

	2021-04-01 -2022-03-31	2020-04-01 -2021-03-31
Medelantalet anställda		
Kvinnor	8	11
Män	25	34
	33	**45**
Löner och andra ersättningar		
Styrelse och verkställande direktör	1 909 210	1 588 746
Övriga anställda	18 929 675	25 401 798
	20 838 885	**26 990 544**
Sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör	218 834	278 524
Pensionskostnader för övriga anställda	1 880 272	2 472 098
Övriga sociala avgifter enligt lag och avtal	8 059 505	8 572 505
Övriga personalrelaterade kostnader	708 579	2 529 450
	10 867 190	**13 852 577**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**31 706 075**	**40 843 121**
Könsfördelning bland ledande befattningshavare		
Andel män i styrelsen	100 %	100 %
Andel män bland övriga ledande befattningshavare	100 %	100 %

Not 5 Inköp och försäljning mellan koncernföretag

	2021-04-01 -2022-03-31	2020-04-01 -2021-03-31
Andel av årets totala inköp som skett från andra företag i koncernen	8,41 %	6,38 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	18,93 %	13,85 %

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Not 6 Aktuell och uppskjuten skatt

	2021-04-01 -2022-03-31	2020-04-01 -2021-03-31
Skatt på årets resultat		
Uppskjuten skatt	1 226 632	3 558 623
Justering föregående år skatt	440 266	0
Totalt redovisad skatt	**1 666 898**	**3 558 623**

Avstämning av effektiv skatt

		2021-04-01 -2022-03-31		2020-04-01 -2021-03-31
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		4 180 988		-2 778 657
Skatt enligt gällande skattesats	20,60	-861 284	21,40	594 633
Ej avdragsgilla kostnader	8,72	-364 441	-1,00	-27 858
Ej skattepliktiga intäkter	0,00	0	1,46	40 571
Justering avseende skatter för föregående år	0,02	-907	-7,12	-197 847
Underskottsavdrag vars skattevärde ej redovisas som tillgång	0,00	0	-142,81	-3 968 122
Redovisad effektiv skatt	**29,34**	**-1 226 632**	**-128,07**	**-3 558 623**

Not 7 Kundkontrakt

	2022-03-31	2021-03-31
Ingående anskaffningsvärden	3 720 000	3 720 000
Utgående ackumulerade anskaffningsvärden	**3 720 000**	**3 720 000**
Ingående avskrivningar	-3 720 000	-3 720 000
Utgående ackumulerade avskrivningar	**-3 720 000**	**-3 720 000**
Utgående redovisat värde	**0**	**0**

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Not 8 Goodwill

	2022-03-31	2021-03-31
Ingående anskaffningsvärden	4 210 000	4 210 000
Utgående ackumulerade anskaffningsvärden	**4 210 000**	**4 210 000**
Ingående avskrivningar	-2 455 830	-2 034 830
Nedskrivning	-1 711 476	0
Årets avskrivningar	-42 694	-421 000
Utgående ackumulerade avskrivningar	**-4 210 000**	**-2 455 830**
Utgående redovisat värde	**0**	**1 754 170**

Not 9 Inventarier, verktyg och installationer

	2022-03-31	2021-03-31
Ingående anskaffningsvärden	2 714 837	2 714 837
Försäljningar/utrangeringar	-1 412 971	0
Utgående ackumulerade anskaffningsvärden	**1 301 866**	**2 714 837**
Ingående avskrivningar	-2 101 345	-1 811 852
Försäljningar/utrangeringar	1 412 971	0
Årets avskrivningar	-239 662	-289 493
Utgående ackumulerade avskrivningar	**-928 036**	**-2 101 345**
Utgående redovisat värde	**373 830**	**613 492**

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Not 10 Andelar i koncernföretag

	2022-03-31	2021-03-31
Ingående anskaffningsvärden	729 674	729 674
Utgående ackumulerade anskaffningsvärden	**729 674**	**729 674**
Ingående nedskrivningar	-669 960	-669 960
Utgående ackumulerade nedskrivningar	**-669 960**	**-669 960**
Utgående redovisat värde	**59 714**	**59 714**

Not 11 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Trade Tech Consulting Scandinavia ApS	100%	100%	80	59 714
				59 714

	Org.nr	Säte
Trade Tech Consulting Scandinavia ApS	34717982	Köpenhamn

Not 12 Upplysningar om finansiella instrument

	2022-03-31	2021-03-31
Avser hyresgaranti		
Ingående anskaffningsvärden	446 395	446 395
Förändring under året	-446 395	0
Utgående redovisat värde	**0**	**446 395**

Not 13 Uppskjuten skattefordran

	2022-03-31	2021-03-31
Belopp vid årets ingång	3 075 619	6 634 242
Förändring skattefordran	-1 226 632	-3 558 623
Belopp vid årets utgång	**1 848 987**	**3 075 619**

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Not 14 Förutbetalda kostnader och upplupna intäkter

	2022-03-31	2021-03-31
Upplupna intäkter	2 981 403	507 574
Förutbet hyror	667 163	628 190
Förutbet försäkrprem	191 156	319 316
Övriga poster	4 212 679	3 362 661
	8 052 401	**4 817 741**

Not 15 Disposition av vinst eller förlust

	2022-03-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel:	
balanserad vinst	1 029 745
årets vinst	2 514 089
	3 543 834
disponeras så att	
i ny räkning överföres	3 543 834
	3 543 834

Not 16 Antal aktier och kvotvärde

Namn	Antal aktier	Kvot-värde
Antal A-Aktier	23 850	20
	23 850	

Not 17 Obeskattade reserver

	2022-03-31	2021-03-31
Ackumulerade överavskrivningar	97 725	0
	97 725	**0**

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Not 18 Upplupna kostnader och förutbetalda intäkter

	2022-03-31	2021-03-31
Upplupen semesterlöneskuld	3 512 554	6 782 479
Förutbetalda intäkter	6 565 512	6 090 589
Övriga upplupna kostnader	5 052 490	5 646 979
	15 130 556	**18 520 047**

Stockholm 2022-09-29

Shanaka Jayawardena
Ordförande

Ajay Simha Hanasoge Venkatesh

Johan Brummer

Vår revisionsberättelse har lämnats den 30 september 2022

Grant Thornton Sweden AB

Christian Elmgren
Auktoriserad revisor

20221019027746

Not 18 Upplupna kostnader och förutbetalda intäkter

	2022-03-31	2021-03-31
Upplupen semesterlöneskuld	3 512 554	6 782 479
Förutbetalda intäkter	6 565 512	6 090 589
Övriga upplupna kostnader	5 052 490	5 646 979
	15 130 556	**18 520 047**

Stockholm 2022-09-29

Shanaka Jayawardena
Ordförande

Ajay Simha Hanasoge Venkatesh

Shanaka Jayawardena

Vår revisionsberättelse har lämnats

Grant Thornton Sweden AB

Christian Elmgren
Auktoriserad revisor

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REVISIONSBERÄTTELSE

Till bolagsstämman i Virtusa AB
Org.nr. 556510-7918

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Virtusa AB för räkenskapsåret 2021-04-01 – 2022-03-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Virtusa ABs finansiella ställning per den 31 mars 2022 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Virtusa AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Registrerat revisionsbolag
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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Virtusa AB för räkenskapsåret 2021-04-01 -- 2022-03-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Virtusa AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 30 september 2022

Grant Thornton Sweden AB

Christian Elmgren

Auktoriserad revisor

Registrerat revisionsbolag
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AUSTIN HOLDCO INC. AND SUBSIDIARIES

AND

VIRTUSA CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

As of March 31, 2022 and March 31, 2021 (Successor)

and

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for the periods from April 1, 2021 to March 31, 2022 for the fiscal year ended March 31, 2022, February 11, 2021 to March 31, 2021 (Successor) and April 1, 2020 to February 10, 2021 (Predecessor) (With Independent Auditors' Report Thereon)

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Annual Report

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Post-Closing Chart

November 2022



I, Paul D. Tutun, confirm that this is a true and accurate organizational chart of Virtusa Corporation, and its affiliates as of 11/8/2022

Paul D. Tutun

Paul D. Tutun
Executive Vice President, General Counsel & Assistant Secretary

virtusa®

Virtusa Corporation (Delaware)

Virtusa Securities Corporation US — 100%

InSource Holdings, Inc. — 100%

Apparatus, Inc. — 100%

eTouch Systems Corp. — 100%

Virtusa Mexico S. DE R. L. DE C.V. — 99%

Virtusa US LLC — 100%

Virtusa Canada, Inc. — 100%

Virtusa CV — 99.99%

.01% by Virtusa US LLC

1% by Virtusa US LLC

Virtusa Financing CV — 99.99%

.01% by Virtusa US LLC

Virtusa Netherlands Cooperat — 99.99%

.01% by Virtusa US LLC

* ▲ Denotes that this is a disregarded entity for U.S. tax purposes

Continued..

virtusa®

Virtusa Corporation (Delaware)

Virtusa Austria GmbH — 100%

Virtusa Germany GmbH — 100%

.067%

Virtusa Sp.z o.o. (Poland) — 99.933%

Virtusa Hungary Kft. — 100%

Virtusa Philippines, Inc. — 100%

Virtusa Systems (India) Pvt. Ltd — .01%

37.23%

TechChefs Software Pvt. Ltd. — 62.77%

Virtusa Consulting and Services, Sociedad Limitada (Spain) — 100%

99.02%

Virtusa Consulting Services (PVT) Limited (India) — 99.99%

Virtusa France — 100%

Virtusa Singapore Pvt Ltd — 100%

100%

Virtusa Singapore Pvt Ltd, HK (Branch)

100%

Virtusa AB (Sweden)

100%

Virtusa ApS (Denmark)

0.98%

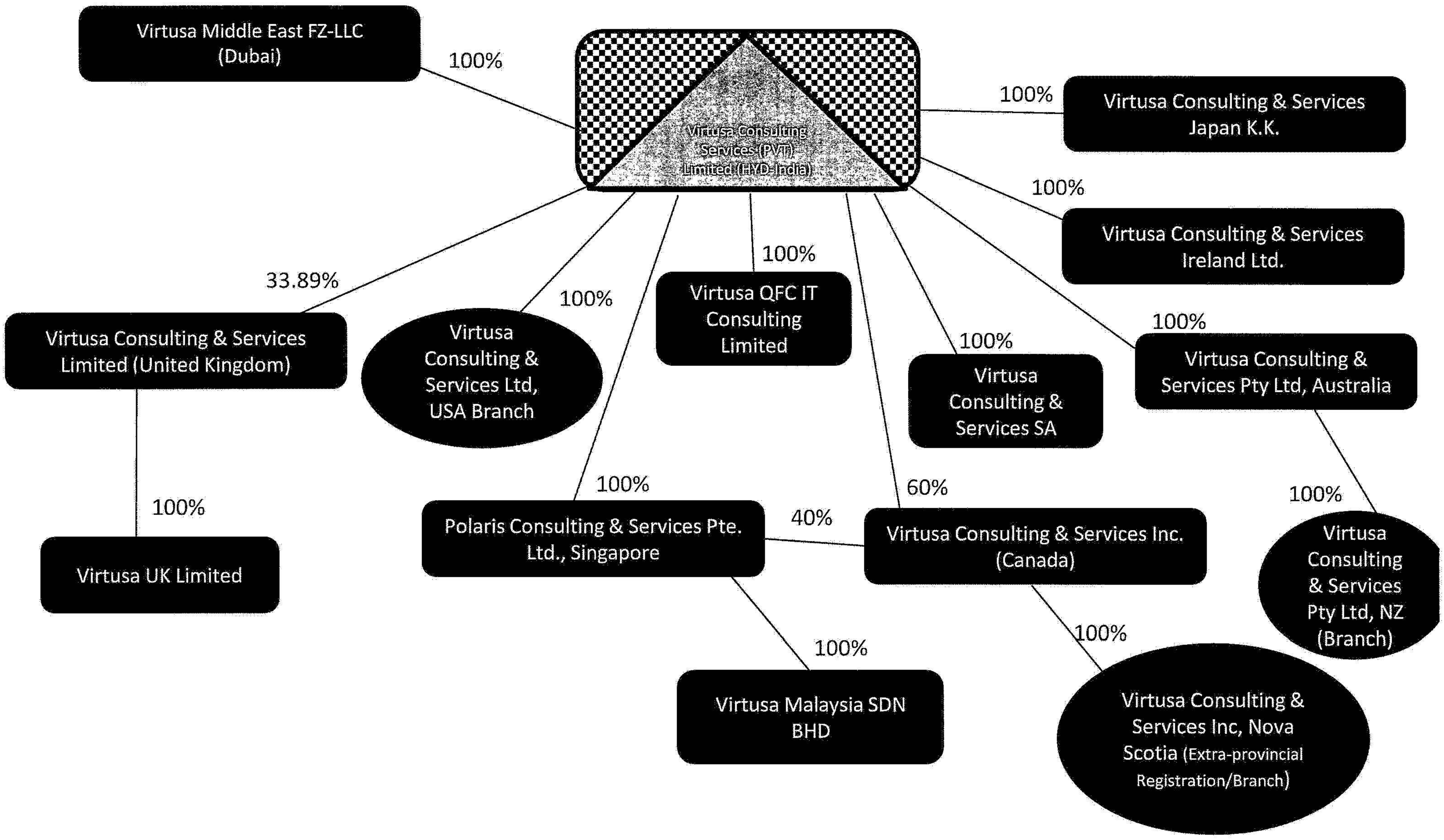
100%

Virtusa Private Limited (Sri Lanka)

66.11%

Virtusa Consulting & Services Limited (UK)

33.89%


Virtusa Middle East FZ-LLC (Dubai)
100%
Virtusa Consulting Services (PVT) Limited (HYD-India)
100%
Virtusa Consulting & Services Japan K.K.
100%
Virtusa Consulting & Services Ireland Ltd.
100%
Virtusa Consulting & Services Pty Ltd, Australia
33.89%
Virtusa Consulting & Services Limited (United Kingdom)
100%
Virtusa UK Limited
100%
Virtusa Consulting & Services Ltd, USA Branch
100%
Virtusa QFC IT Consulting Limited
100%
Virtusa Consulting & Services SA
100%
Polaris Consulting & Services Pte. Ltd., Singapore
40%
60%
Virtusa Consulting & Services Inc. (Canada)
100%
Virtusa Consulting & Services Pty Ltd, NZ (Branch)
100%
Virtusa Malaysia SDN BHD
100%
Virtusa Consulting & Services Inc, Nova Scotia (Extra-provincial Registration/Branch)

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AUSTIN HOLDCO INC.

Annual Report

Fiscal Year Ended March 31, 2022

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Jag intygar att denna
kopia stämmer med
orginalet
/Anette Eriksson
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AUSTIN HOLDCO INC.
ANNUAL REPORT
Fiscal Year Ended March 31, 2022
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PRESENTATION OF THIS ANNUAL REPORT

On September 9, 2020, Virtusa Corporation entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Austin HoldCo Inc. ("Parent"), a corporation organized under the laws of Delaware and an entity wholly-owned by funds affiliated with Baring Private Equity Asia, an investment firm principally managed and headquartered in Hong Kong and Singapore ("BPEA"); and Austin Bidco Inc. ("Sub"), a corporation organized under the laws of Delaware and a wholly-owned subsidiary of Parent, formed in connection with the acquisition of the Company by Parent for $51.35 in cash for each share of Virtusa common stock ("BPEA Transaction"). On February 11, 2021 ("Closing Date"), pursuant to the terms and conditions of the Merger Agreement, the BPEA Transaction was closed and the Company completed the merger with Sub. Pursuant to the Merger Agreement, in connection with the closing of BPEA Transaction, Sub was merged with and into Virtusa Corporation with Virtusa Corporation being the surviving entity as a wholly-owned subsidiary of Parent.

From the date of the BPEA Transaction through March 31, 2022, Virtusa Corporation and its subsidiaries are the only operating subsidiaries under Austin HoldCo Inc. In this report, any references to "we", "the Company", "us" and "our" refer to Virtusa Corporation and its subsidiaries for any period before February 11, 2021, and Austin HoldCo Inc. and its subsidiaries for any period on or after February 11, 2021.

In this report, Virtusa Corporation and its subsidiaries and Austin HoldCo Inc. and its subsidiaries are referred to as "Predecessor" and "Successor" prior to and subsequent to, respectively, the consummation of the BPEA Transaction. References to "Successor" or "Successor Company" relate to the financial position and results of operations of the Company on or after the BPEA Transaction. References to "Predecessor" or "Predecessor Company" refer to the results of operations of the Company before the BPEA Transaction.

This report is a confidential document that we are providing to the holders of the 7.125% Senior Notes due 2028 issued by the Company ("Senior Notes") on December 17, 2020 and February 15, 2022, prospective investors who are "qualified institutional buyers" (as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act")), and to lender parties pursuant to the credit facility ("Credit Facility") dated February 11, 2021, as amended on February 15, 2022. You may not make copies of any part of this report or give any part of this report or any copy of it to any other person or disclose any information in this report to any other person. We have not authorized anyone to provide you with information different from that contained in this report.

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FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements. These statements relate to, among other things: our expectations regarding factors that impacting our business and operating results; the potential impact of the COVID-19 pandemic on our business, operations and the markets in which we and our clients operate; our expectations concerning the growth of our business; the ability of our clients to realize benefits from the use of our IT services; the impact of new accounting pronouncements; future capital requirements and capital expenditures; customer contracts; and our plans, strategies and objectives for our company and our future operations. Any statements about our expectations, beliefs, plans, objectives, assumptions, future events or performance or similar subjects are not historical facts and may be forward-looking. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "intends," "plans," "estimates," "projects," "anticipates," or other comparable terms. These forward-looking statements involve risk and uncertainties. We cannot guarantee future results, levels of activity, performance or achievements, and you should not place undue reliance on our forward-looking statements. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those set forth under in "Risk Factors". Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or strategic investments. Except as may be required by law, we have no plans to update these forward- looking statements to reflect events or circumstances after the date of this report. We caution readers not to place undue reliance upon any such forward- looking statements, which speak only as of the date made.

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Part I

Business Overview

Virtusa Corporation (the "Company", "Virtusa", "we", "us" or "our"), which is a wholly owned subsidiary of Austin HoldCo Inc., is a global provider of digital engineering and information technology ("IT") outsourcing services that accelerate business outcomes for our clients. We support Global 2000 clients across key industries including banking, financial services, insurance, healthcare, communications, technology, and media and entertainment. We help improve business performance through accelerating revenue growth, delivering compelling consumer experiences, improving operational efficiencies, and lowering overall IT costs. We provide services across the entire spectrum of the IT services lifecycle, from consulting to technology and UX design, development of IT applications, systems integration, digital engineering, testing and business assurance, and maintenance and support services, including cloud, infrastructure and managed services. We help our clients solve critical business problems by leveraging a combination of our distinctive consulting approach, end-to-end digital engineering capabilities, unique platforming methodology, and deep domain and technology expertise.

Our services enable our clients to accelerate business outcomes by consolidating, rationalizing and modernizing their core customer facing processes into one or more core systems. We support the chief executive officers at our client organizations, including the chief information officers ("CIOs"), chief technology officers ("CTOs"), chief operating officers ("COOs"), and chief digital/ marketing officers in solving their most critical issues, including reducing total cost of ownership, accelerating time-to-market, increasing productivity, improving innovation velocity, expanding into adjacent markets and/or new revenue segments, and enhancing the customer experience delivered by their organizations. We help organizations realize the benefits of digital transformation ("DT") and cloud transformation ("CT") by bringing together digital infrastructure, analytics and intelligence and customer experience by engineering the digital enterprise of tomorrow on the cloud. We deliver cost effective solutions through a global delivery model, applying more efficient and proven methods such as Agile, an industry standard technique designed to accelerate application development. We also use our Digital Transformation Studio ("DTS"), which was built by our engineering teams leveraging decades of industry knowledge and experience and our industry leading tools and assets. DTS engineering tools drive software development lifecycle automation to improve quality, enable speed and increase productivity.

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Headquartered in Massachusetts, we have offices throughout the Americas, Europe, the Middle East and Asia, with large global delivery centers in India and Sri Lanka. We also service our clients onsite at their offices or virtually, which offers flexibility for both clients and employees. At March 31, 2022, we had 31,143 employees, or team members.

Our digital engineering services ("DES") support our clients' business growth imperative by delivering targeted and differentiated solutions that help our clients expand their addressable markets, as well as develop go-to-market strategies supporting new revenue streams. To improve IT efficiencies and reduce the cost of IT operations, we use our operational excellence services ("OES") to help our clients consolidate applications into platforms, rationalize IT infrastructure, and deliver transformational, industry-focused solutions, thereby enabling our clients to deliver modern, efficient and agile enterprise application platforms. Our deep expertise in core technology services allows us to help our clients to lower total cost of ownership of their overall IT investments. We also combine industry specialization with our core services to deliver high-impact solutions in critical business functions that help our clients transform their business performance and gain competitive advantage in the markets in which they operate.

The convergence of technological innovation, changing consumer expectations, supply chain expansion, and emergence of disruptive start-ups, is fundamentally changing the way businesses operate. We operate in markets and industries where rapid advances in key technologies, like mobility, big data analytics, social media and cloud computing are providing disruptive opportunities for progressive business leaders to break down barriers and expand market-share. We enable our clients to leverage technological innovations to provide the distinctive customer experiences demanded by digital consumers who are increasingly looking for services that are available 24×7 without interruption, location aware and highly customized to their social likes and dislikes. We help our clients understand business threats and opportunities in their industries and develop strategies to help mitigate these threats and capitalize on the emerging opportunities, while preparing the business to digitally transform and position itself better in the emerging digital business environment. As part of our DES solutions, we provide end-to-end consulting, UX design, digital engineering, DevOps, technology selection, cloud native development and implementation and support services, which allow our clients to understand

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emerging consumer demand in their markets of operation and develop, and execute to, a roadmap to transform their business and enhance their competitive differentiators. Commoditization of IT services and the emergence of software-as-a-service models are putting tremendous pressure on our clients' IT organizations to improve the way they manage IT operations and lower the overall cost of IT. Our OES solutions enable our clients to improve operational and IT efficiencies through the innovative use of cloud automation, effort compression and IT simplification.

Continued advances in areas like the internet of things ("IoT"), artificial intelligence ("AI"), machine learning ("ML"), robotics process automation ("RPA") and the cloud now pushing the boundaries of how technology can disrupt traditional business models and deliver significant value in several areas, including delivering new products and services, enhancing consumer experience, and improving operational efficiencies of the business. We have invested in developing deep capabilities in these areas, fostering a partner ecosystem and building a platform for nurturing innovation and rapidly constructing prototypes that use IoT, AI, ML and/or RPA to solve specific business problems for our clients. We have created innovation centers focused on certain technologies like IoT, AI, and ML, which offer an ecosystem for clients to participate and innovate in creating new solutions to their business challenges. Through these innovation centers, we have been able to deliver award winning solutions to some of our marquee clients in the healthcare, communications and insurance sectors. For example, we received a "Star performer" award in Everest Group's Application and Digital Services (ADS) in Banking PEAK Matrix® Assessment 2021, and we were positioned as a leader in five categories of the Zinnov Zones study of Global Engineering Research & Development service providers in 2021.

Virtusa's xLabs is focused on tapping into the disruptive startup ecosystem and the innovative, cutting-edge technologies driving these businesses. Our xLabs, which began as a banking and financial services focused FinTech Lab, has expanded its scope to focus on delivering digital innovation for our clients across banking and financial services, insurance, healthcare, media and telecommunications industries. We have built a cloud-based, open innovation platform that offers our clients discrete technology solutions that enable them to accelerate time to market and provides them with an experimentation sandbox that they can use to test and evaluate new products and services. Today, our xLabs' team has built and delivered innovative solutions using open application programming interface ("API") platforms, micro services frameworks, and block-chain. We expect to continue this trend of investing in emerging technologies and solutions to accelerate digital business outcomes for our clients.

We apply our innovative platforming approach across all of our services. Through our platforming approach, we help our clients combine common business processes and rules, technology frameworks and data into reusable application platforms that can be leveraged across the enterprise to build, maintain and enhance existing and future applications. Our platforming approach enables our clients to continually improve their software platforms and applications in response to changing business needs and evolving technologies, while also allowing them to improve business agility, realize long-term and ongoing cost savings and improve their ROI. Our platforming methodology also reduces the effort and cost required to develop and maintain IT applications by streamlining and consolidating our clients' applications on an ongoing basis. We believe that our solutions provide our clients with the consultative and high-value services associated with large consulting and systems integration firms, the cost-effectiveness associated with offshore IT outsourcing firms, and the ongoing benefits of our innovative platforming approach.

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We deliver our services using our enhanced global delivery model which leverages a highly efficient onsite-to-offshore service delivery mix and proprietary tools and processes to manage and accelerate delivery, foster innovation, and promote continual improvement of outcomes delivered to our clients. We strive to manage both fixed-price contracts and time-and-materials engagements to a targeted 25% to 75% onsite- to-offshore service delivery team mix, although such delivery mix may be impacted by several factors including our new and existing client delivery requirements as well as the impact of any acquisitions and the global COVID-19 pandemic.

We leverage our DTS which combines engineering tools, industry assets and certified agile teams to deliver measurable results. Our DTS teams are enabled for success, scalability and growth through a combination of structure and resources, including training and certification, developer portals, agile squads and tribes, and solutions assembly sandbox. DTS engineering tools include Smart ALM to improve the quality and clarity of user stories, gamified dashboards to promote transparency and quality and end to end CI/CD to automate code quality review, testing and release management. DTS contains Open Innovation Assets built on cloud-native platforms, powered by AI model zoo and data lakes, cloud native middleware and an API lifecycle toolkit.

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We provide our IT services primarily to enterprises engaged in the following industries: banking, financial services and insurance ("BFSI"), communications and technology ("C&T"), healthcare ("Healthcare") and media and information ("M&I"). Our current clients include leading global enterprises such as Citi, JPMorgan Chase Bank, N.A. and British Telecommunications plc, and leading enterprise software developers. Our top 10 clients accounted for approximately 54%, 55% and 56% of our total revenue in the fiscal years ended March 31, 2022, 2021 and 2020, respectively. Our largest client for the fiscal year ended March 31, 2022, Citi, accounted for 17.2% of our total revenue with no other client accounting for 10% or more of our revenue.

We serve 29 of the 60 largest companies in North America (based on revenue). These clients are across many of our sectors including four of the top 10 BFS companies, four of the top 10 communication companies, four of the top 10 technology companies, six of the top 10 insurance companies, four of the top 10 life sciences companies and seven of the top 10 healthcare companies in North America. For the fiscal year ended March 31, 2021, we generated 55%, 23%, 14% and 8% of our revenue from clients in BFSI, C&T, Healthcare and M&I and other sectors, respectively. We are gaining wallet share with our top clients and have not lost a top-10 client in the last five years. For the fiscal year ended March 31, 2022, we generated 56%, 21%, 15%, and 8% of our revenue from clients in BFSI, C&T, Healthcare and M&I and other sectors, respectively.

High repeat business and client concentration are common in our industry. During fiscal year ended March 31, 2022 and 2021, 97% of our revenue was derived from clients who had been using our services for more than one year. Accordingly, our global account management and service delivery teams focus on expanding client relationships and converting new engagements to long-term relationships to generate repeat revenue and expand revenue streams from existing clients. We also have a dedicated business development team focused on generating engagements with new clients to continue to expand our client base and, over time, reduce client concentration. We enjoy a long tenure of relationships within our largest accounts, as evidenced by our average relationship of 15 years with our top five clients.

Our key clients invest heavily in their technology platforms, providing us with a large runway for growth. For example, one of our customers relies on us to build and maintain the largest domestic banking platform in the US with 57+ million active digital users. We integrated multiple online platforms into a universal platform with over 500 micro services. Our stickiness with our customers and throughout our business is evidenced by the fact that revenue from repeat clients represented 97% in fiscal years ended March 31, 2022 and 2021.

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Our Approach to Global IT Services

Our expertise in supporting a broad range of IT services, ability to engage through a global delivery model that optimizes outcomes and use of proprietary methodologies like platforming to improve IT efficiencies, allow us to be a trusted partner to our clients for their end-to-end IT services requirements.

Broad Range of IT Services. We provide a broad range of IT services, both individually and as part of end-to-end solutions, from business and IT consulting, customer experience and UX design, digital and cloud engineering, technology implementation, and platform assurance to application & infrastructure management. We have significant domain expertise in BFSI, C&T, Healthcare and M&I. Our 2016 acquisition of Polaris has significantly enhanced our domain strengths in BFSI, allowing us to deliver distinctive solutions across the complete spectrum of end-to-end banking and financial services requirements. We believe our domain expertise in BFSI is best-in-class and serves as a significant competitive differentiator. In the fiscal year ended March 31, 2022, we generated 56% of our revenue from clients in the BFSI sector. Our 2018 acquisition of eTouch strengthened our digital engineering capabilities, and established a solid base in Silicon Valley, the hub of high-tech engineering companies. Over the past several years, our investments in building deep capabilities in industry focused solutions have helped us develop very strong domain-specific capabilities across insurance, healthcare and telecommunications industries. We have designed our portfolio of IT services and solutions to enable our clients to improve business performance, use IT assets more efficiently and optimize IT costs.

Enhanced Global Delivery Model. We provide our services through our enhanced global delivery model that leverages a highly efficient onsite-to-offshore service delivery mix and proprietary tools and processes to manage and accelerate delivery, foster innovation and promote continual improvement of outcomes delivered to our clients.

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Platforming Approach. We apply our innovative platforming approach across our IT consulting, technology implementation and application outsourcing services to rationalize IT application portfolios and reduce costs, increase productivity and improve the efficiency and effectiveness of our clients' IT application environments.

Digital Transformation Studio. We provide our services through the use of our DTS which contains certified digital engineers, smart ALM tools and industry assets to deliver accelerated time-to-value for any enterprise, with any business case, for DT.

Our Services

Business and IT Consulting Services. We provide business and IT consulting services to assist our clients in more effectively managing their continually changing business and IT environments and aligning their IT investments to better support current and future business requirements. Our business consulting services allow clients to mitigate risks and execute successful IT programs by enabling stakeholder alignment, formulating the business case and return on investment, and defining agreed-upon end outcomes using innovative techniques, such as personal development, day-in-the-life-of journeys and rapid prototyping for each project. We also assist clients in assessing new approaches to improve revenue opportunities within existing markets, developing new products/solutions for existing and new markets and improving retention and share-of-wallet through a better understanding of customer behavior and engagement. We have enhanced our business consulting services portfolio with solutions specific to digital enabling our clients' businesses, allowing them to effectively assess and deploy the right kinds of digital technologies and drive the appropriate outcomes from their digital initiatives.

The goal of our IT consulting group is to help our clients continually improve the performance of their IT application environments by adopting and evolving towards re-useable software platforms. We help clients analyze business and/or technology problems and identify and design platform-based solutions. We also assist our clients in planning and executing their IT initiatives and transition plans.

Our business consulting services allow our clients to critically look at business processes, IT environments and their customer facing application systems, and execute targeted programs that improve performance of business-critical systems, processes and services:

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Business Transformation Services (BT)	**Digital Transformation Services (DT)**	**Cloud Transformation Services (CT)**
Strategic Research Services		
• Advisory/Target Operating Model • Business Process Re-engineering/Business Process Management (BPM) • Application Portfolio Rationalization • Business/Technology Alignment Analysis	• Digital Strategy • UX and Design • Application and Platform Engineering Analytics, Insights and Data • Intelligent Automation Content & Customer Experience	• Cloud Strategy • Cloud Native Applications • Cloud Migration • Capex to Opex Models
Strategic Roadmap, Conceptual Design, Solution Selection & Solution Design		

During our consulting engagements, we often leverage proprietary frameworks and tools to differentiate our services from our competitors and to accelerate delivery. Examples of our unique frameworks and tools include our strategic enterprise information roadmap framework, which is a structured service offering for recommending the right IT platform, solution architecture, transition strategy and approach to meet current and future business requirements, our business process visualization tools, which enable us to analyze, design and optimize enterprise business processes. We have also invested in our consulting services to help our clients effectively manage large, complex IT programs, and

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evaluate and develop strategies to enable their enterprises for the digital consumer, and support the development of new, differentiated customer experience improvement programs.

We believe that our consulting services are further differentiated by our ability to leverage our global delivery model across our engagements. Our onsite teams work directly with our clients to understand and analyze the current-state problems and to design conceptual solutions. Our offshore teams work seamlessly with our onsite teams to design and expand the conceptual solution, research alternatives, perform detailed analyses, develop prototypes and proofs-of-concept and produce detailed reports. We believe that this approach reduces cost, allows us to explore more alternatives in the same amount of time and improves the quality of our deliverables.

Technology Implementation Services. Our technology implementation services involve building, testing, deploying, maintaining and supporting IT applications, and consolidating and rationalizing our clients' existing IT applications and environments into platforms. Leveraging our deep skills in software engineering and our expertise in the innovative use of technology to solve business problems, we help our clients' CIOs make the right decisions on technology platform selection, support the implementation of core application systems and solve critical business problems, while ensuring that the CIOs IT asset estate remains optimized and cost-effective and supports current and future business requirements.

Our technology implementation services include the following development, legacy asset management, information management and testing services:

Application Development Services	**Legacy Asset Management Services**	**Information Management Services**	**Testing and Application Assurance Services**
• Application Development • Software Product Engineering • CRM Implementations • SAP Implementations • Content Management Services • Enterprise Mobility Services • Cloud Computing • Social Media Solutions • Cloud Engineering Services CI/CD & DevOps Services	• Systems Consolidation and Rationalization • Technology Migration and Porting • Web-enablement of Legacy Applications	• Data Management Services • Business Intelligence, Reporting and Decision Support • Master Data Management • Data Integration • Big Data Analytics • Data Lake • Data on the Cloud	• Software Quality Assurance • Testing Frameworks • Test Automation • Performance Testing • Mobility Testing • Continuous Testing Services • Test Data Management • Managed Testing Services

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Our technology implementation services span a variety of capabilities, including custom application development, testing, maintenance and support services, and packaged software implementation services. We have extensive and deep partnerships with leading technology platform vendors. We have incorporated rapid, iterative development techniques into our approach, extensively employing prototyping, solution demonstration labs and other collaboration tools that enable us to work closely with our clients to understand and deliver to their most challenging business requirements. Leveraging our business consulting services with advanced techniques like our experience design workshops, we are able to develop and deploy applications quickly, often within solution delivery cycles of less than three months.

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Application Outsourcing Services. We provide a broad set of IT application outsourcing services that enable us to provide comprehensive support for our clients' needs to manage and maintain their software applications and platforms cost-effectively. We endeavor to continually improve the applications under our management and to evolve our clients' IT applications into platforms. We combine a deep understanding of software engineering with an innovation mindset to provide targeted outsourcing services that not only help reduce the cost of existing IT operations, but also improve the quality of applications over time.

Our outsourcing services leverage innovative techniques and methodologies to significantly improve IT efficiencies by reducing cycle time and compressing the work required to achieve specific outcomes. We help our clients reduce the cost of business operations by preemptively identifying and resolving issues in application support and maintenance. We make extensive use of Agile development methodology to reduce and minimize business disruptions due to IT issues and support the CIO organization in improving the business experience by leveraging RPA to drive automation and process efficiencies.

Our application outsourcing services include the following application and platform management, infrastructure management and IT efficiency improvement services:

Application & platform Management Services	**Infrastructure Management Services**	**IT Efficiency Improvement Services**
• Application Maintenance and Support • Maintenance and Enhancement of Applications • Cloud-environment Management & Support	• Managed Infrastructure Services • Remote Application Monitoring & Support • Cloud Management Services	• Code Quality Assurance • Gamified development environments • Agile DevOps • Gamified Continuous Integration/ Continuous Deployment (CI/CD)

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We believe that our application outsourcing services are differentiated because they are based on the principle of migrating installed applications to flexible platforms that can sustain further growth and business change. We do this by:

- Developing a roadmap for the evolution of applications into platforms
- Establishing an ongoing planning and governance process for managing change
- Analyzing applications for common patterns and services
- Identifying application components that can be extended or enhanced as core components
- Integrating new functions, features and technologies into the target architecture

We continue to strengthen our ability to deliver infrastructure management services and IT support related services to our clients, helping them manage their IT operations effectively through an offshore outsourced model. We have expanded our investments to deliver seamless infrastructure management services to our clients around the clock, but also to perform these services in an automated, cost-effective manner. Further, we have invested in building out strong capabilities in improving efficiencies in the developer environment. Our solutions around gamified Continuous Integration/ Continuous Deployment and Agile DevOps have helped us create a highly agile development environment that allows our clients to accelerate development cycles, improve time-to-market, and become more responsive to changes in markets in which they operate.

Global Delivery Model. We have developed an enhanced global delivery model that allows us to provide innovative IT services to our clients in a flexible, cost-effective and timely manner by leveraging an efficient onsite-to-offshore service delivery mix and our proprietary global innovation process ("GIP"), and also enables us to manage and

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accelerate delivery, foster innovation and promote continual improvement. We strive to a target 25 % and 75% onsite- to-offshore service delivery team mix, which allows us to provide value-added services rapidly and cost-effectively but may be impacted by several factors including our new and existing client delivery requirements as well as the impact of any acquisitions. During the past three fiscal years, we performed at least 73.7% of our total annual billable hours at our offshore global delivery centers. Our delivery mix may also fluctuate from time to time due to several other factors, including new and existing client delivery requirements, and the impact of the COVID-19 pandemic in the geographic areas in which we perform our services, as well as the impact of any acquisitions. Using our global delivery model, we generally maintain onsite teams at our clients' locations and offshore teams at one or more of our global delivery centers. While onsite movement and travel of our delivery teams from offshore to our clients' locations have been delayed due to the COVID-19 pandemic and related governmental restrictions, our global delivery model, proactive hiring through social media and robust upskilling programs, along with our remote working models, have enabled us to staff teams onsite without material impact. Our onsite teams are generally composed of program and project managers, industry experts and senior business and technical consultants. Our offshore teams are generally composed of project managers, technical architects, business analysts and technical consultants. These teams are typically linked together through common processes and collaboration tools and a communications infrastructure that features secure, redundant paths enabling seamless global collaboration. Our global delivery model enables us to provide around the clock, world class execution capabilities that span multiple time zones.

Virtusa has been appraised on ISACA's CMMI Maturity Level 5 Ver 2.0 Development and Services. All of our major delivery centers, located in Hyderabad, Chennai and Bangalore in India and Colombo in Sri Lanka have been reassessed at CMMI Level 5 Ver 2.0 maturity. The re-assessment was completed in October 2021. CMMI is a capability improvement framework that provides organizations with effective software engineering processes to deliver high quality solutions and strengthen risk management. This rating of L5 indicates that the organization is performing at 'Optimizing' level which was demonstrated with continuous improvement and innovative processes using quantitative models to deliver superior business outcomes. Our enhanced global delivery model is built around our proprietary GIP, which is a software lifecycle methodology that combines our experience building platform-based solutions for global clients with leading industry standards such as rational unified process, eXtreme programming, capability maturity model and product line engineering. By leveraging GIP templates, tools and artifacts across diverse disciplines such as requirements management, architecture, design, construction, testing, application outsourcing and production support, each team member is able to leverage software engineering and platforming best practices and extend these benefits to clients.

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During the initial phase of an engagement, we work with the client to define the specific approach and tools that will be used for the engagement. This process tailoring takes into consideration the client's business objectives, technology environment and currently established development approach. We believe our innovative approach to adapting proven techniques into a custom process has been an important differentiator that allows us to deliver substantially greater value to our clients in a cost effective and timely manner.

The backbone of GIP is our global delivery operations infrastructure. This infrastructure combines enabling tools and specialized teams that assist our project teams with important enabling services such as workforce planning, knowledge management, integrated process and program management and operational reporting and analysis.

Two important aspects of our global delivery model are innovation and continuous improvement. A dedicated process group provides three important functions: they continually monitor, test and incorporate new approaches, techniques, tools and frameworks into GIP; they advise project teams, particularly during the process-tailoring phase; and they monitor and audit projects to ensure compliance. New and innovative ideas and approaches are broadly shared throughout the organization, selectively incorporated into GIP and deployed through training. Clients also contribute to innovation and improvement as their ideas and experiences are incorporated into our body of knowledge. We also seek regular informal and formal client feedback. Our global leadership and executive team regularly interact with client leadership and each client is typically given a formal feedback survey on a quarterly basis. Client feedback is qualitatively and quantitatively analyzed and forms an important component of our teams' performance assessments and our continual improvement plans.

Platforming Approach. We apply our innovative platforming approach across our business and IT consulting, technology implementation and application outsourcing services to rationalize IT application portfolios and reduce costs, increase productivity and improve the efficiency and effectiveness of our clients' IT application environments. As part of

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our platforming approach, we assess our clients' application environments to identify common elements, such as business processes and rules, technology frameworks and data. We incorporate those common elements into one or more application platforms that can be leveraged across the enterprise to build, enhance and maintain existing and future applications in a leaner environment. Our platforming approach enables our clients to continually improve their software platforms and applications in response to changing business needs and evolving technologies while also realizing long-term and ongoing cost savings.

Our platforming approach is embodied in a set of proprietary processes, tools and frameworks that address the fundamental challenges confronting IT executives. These challenges include managing the rising costs of technology ownership, while simultaneously supporting business demands to foster innovation, accelerate time-to-market, improve service and enhance productivity. Our platforming approach draws from analogs in industries that standardize on platforms composed of common components and assemblies used across multiple product lines. Similarly, we work with our clients to evolve their diverse software assets into unified, rationalized software platforms. Our platforming approach leads to simplified and standardized software components and assemblies that work together harmoniously and readily adapt to support new business applications. For example, a software platform for trading, once developed within an investment bank, can be the foundation for the bank's diverse trading applications in equities, bonds and currencies. Our platforming approach stands in contrast to traditional enterprise application development projects, where different applications remain separate and isolated from each other, replicating business logic, technology frameworks and enterprise data.

At the center of our platforming approach is a five-level maturity framework that allows us to adapt our service offerings to meet our clients' unique needs. Level 1 maturity in our platforming approach represents traditional applications where every line of code is embedded and unique to the application and every application is monolithic. Level 2 applications are less monolithic and more flexible and demonstrate characteristics such as configurability and customizability. Level 3 applications are advanced applications where the common code components and software assets are leveraged across multiple application families and product lines. Level 4 applications are framework-driven where the core business logic is reused with appropriate custom logic built around it. At the highest level of maturity are Level 5 applications, where platforms are greatly leveraged to simplify and accelerate application development and maintenance. At lower levels of maturity, few assets are created and reused. Consequently, agility, total cost of ownership and ability to quickly meet business needs are suboptimal. As organizations mature along this continuum, from Level 1 to Level 5, substantial intellectual property is created and embodied in software platforms that enable steady gains in agility, reduce overall cost of ownership and accelerate time-to-market for business applications and services.

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Our platforming approach improves software quality and IT productivity. Software assets within platforms are reused across applications, their robustness and quality improve with time and our clients are able to develop software with fewer defects. A library of ready-made building blocks significantly enhances productivity and reduces software development risks compared to traditional methods. This establishes a cycle of continual improvement in that the more an enterprise embraces platform-based solutions, the better the quality of its applications will be, and the less the effort required to build, enhance and maintain them.

Our IT Solutions

Our go-to-market strategy is to support our clients in accelerating business growth, while reducing the cost of IT operations. Our DES solutions help our clients to support business growth initiatives, while our OES solutions allow our clients to improve IT efficiencies and reduce costs. Underlying these two broad solution areas is a set of transformational solution capabilities that support and augment our ability to add value through DES and OES capabilities.

Digital Engineering Services-Based Solutions. Our digital engineering services, or DES solutions, are designed to enable our clients to accelerate business growth by capitalizing on market adjacencies, developing new, complementary market segments, creating digital storefronts, and delivering engaging digital consumer experiences. Our DES solutions harness innovative technology advances in mobility, social media, cloud computing and big data analytics to help our clients modernize their IT application environments and enable their businesses to capitalize on the new wave of consumer demand and expectations.

We have made significant investments in building out and expanding our digital capabilities including investments in UX, digital consulting, digital engineering, AI/ML and cloud. From time to time, we conduct market

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surveys that help us benchmark our clients' survey results against the best in their industry. We use these surveys to help our clients develop a roadmap to digitally transform their businesses, leveraging our learning from what the best organizations in the industry are doing.

We offer the following solutions which enable our clients to address or serve the growing needs of the millennial generation:

Strategy & Innovation	**Design & Engineering**	**Optimization & Automation**
• Innovation Consulting • Mobile Strategy • Omni-channel Strategy • Content Strategy • Data Management Strategy • Cloud Strategy	• UX Design • Mobile & Wearable Apps • Responsive Web Development • Portal Simplification • Digital Marketing & Commerce • Employee Engagement • Enterprise Data Hubs	• Internet of Things • Artificial Intelligence & Cognitive Computing • Big Data & Analytics • Enterprise Mobile Management • Cloud Deployment & Migration • Robotics Process Automation

We have invested in creating digital technology labs and innovation hubs within our global delivery centers to foster the development of emerging technology solutions and enable our clients to become digital enterprises. Our acquisition of eTouch Systems Corp. in March 2018, has helped strengthen our digital engineering capabilities, and establish a solid base in Silicon Valley, the hub of high-tech engineering companies. This acquisition has improved the DES solutions we provide our clients and helps reinforce our leadership position as a go-to partner for digital business transformation programs.

Operational Excellence Services-Based Solutions. Our OES solutions enable our clients to use innovative approaches to effort compression, IT simplification and automation to generate significant improvements in IT efficiencies in their organizations, including significant cost savings, improved ability to manage and deploy high quality, robust applications, accelerate time to market and reduce risks to business from IT inefficiencies. Our OES solutions use our proprietary platforming approach, pre-emptive application management techniques, test automation, Agile DevOps, gamified CI/CD, cloud migration and hosting, and RPA to help our client CIOs and COOs reduce technical debt, lower total cost of ownership of IT assets, improve operational efficiencies and accelerate time to market. We use proprietary business consulting methodologies to help clients improve accuracy and scope of the solution being delivered, align organizational stakeholders on common, shared objectives, and accelerate the solution development process. Our unique platforming methodology helps clients rationalize their IT application infrastructure and develop lean, optimized enterprise application platforms that significantly lower the cost of maintenance, while improving the agility of the business to respond to emerging market demands.

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We provide a set of OES solutions across the IT lifecycle:

IT & Business Consulting	**Platforming**	**Solutions**	**Application Outsourcing**
• Experience Design Workshops • Business Process Re-engineering	• Lean Outcomes • Platforming	• Digital Process Automation • Robotics Process Automation (RPA) • Cloud Migration	• Pre-emptive Application Management • IT Managed Services

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We continue to increase our investments in areas like cloud computing, RPA and gamified CICD through the establishment of innovation labs to support solution development and to co-create proofs of concept and minimum viable products with our clients.

Transformational Solutions. We act as trusted advisors to our clients, combining our core services with deep industry specialization to deliver transformational solutions that help position our clients' businesses for competitive advantage in their chosen markets.

Our transformational solutions across IT and business consulting, platforming, technology and application outsourcing areas include:

IT & Business Consulting	**Platforming**	**Solutions**	**Application Outsourcing**
• Domain solutions • Business process ee-engineering • Large program management	• Large global platforms	• Claims management • Policy administration • Client life cycle management • Know your customer • Regulatory & compliance • Billing systems • Customer experience management • Provider life cycle management • Pharmacovigilance	• Application support & maintenance platforms

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We leverage our business consulting expertise to manage large, complex programs and deliver critical business process re-engineering advice to our clients. We have recently expanded our platforming expertise to cover large programs impacting global business platforms and multi-country implementations. The industry and domain expertise we have developed over the past decade has helped us develop business solutions like claims management and policy administration solutions for insurance companies; client life cycle management, know your customer, and regulatory and compliance solutions for banks; member reach and care management solutions for healthcare providers; billing solutions for telecommunication providers; and customer experience management solutions for leisure and hospitality businesses.

Sales and Marketing

Our global sales, marketing and business development teams seek to develop strong relationships with IT and business executives at prospective and existing clients to establish long-term business relationships that continue to grow in size and strategic value. As of March 31, 2022, we had 423 marketing and business development full-time equivalent employees, including sales managers, sales representatives, client service partners, account managers, telemarketers, sales support personnel and marketing professionals.

The sales cycle for our services often includes initiating contact with a prospective client, understanding the prospective client's business challenges and opportunities, performing discovery or assessment activities, submitting proposals, providing client case studies and references and developing proofs of concept or solution prototypes. We organize our sales teams in strategic business units by geography and with professionals who have specialized industry knowledge. This industry focus enables our sales teams to better understand the prospective client's business and technology needs and to offer appropriate industry-focused solutions.

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Sales and Sales Support. Our sales and sales support teams focus primarily on identifying, targeting and building relationships with prospective clients. These teams are supported in their efforts by industry specialists, technology consultants and solution architects, who work together to design client-specific solution proposals. Our sales and sales support teams are based in offices throughout the United States, Europe and Asia.

Account Management. We assign experienced account managers who build and regularly update detailed account development plans for each of our clients. These managers are responsible for developing strong working relationships across the client organization, working day to day with the client and our service delivery teams to understand and address the client's needs. Our account managers work closely with our clients to develop a detailed understanding of their business objectives and technology environments. We use this knowledge to identify and target additional consulting engagements and other outsourcing opportunities.

Marketing. We maintain a marketing presence in the United States, Europe (including the United Kingdom), India and Sri Lanka. Our marketing team seeks to build our brand awareness and generate target lists and sales leads through industry events, press releases, thought leadership publications, direct marketing campaigns, and referrals from clients, strategic alliances, and industry analysts. The marketing team maintains frequent contact with industry analysts and experts to understand market trends and dynamics.

Strategic Alliances. We have strategic alliances with software companies, some of which are also our clients, to provide services to their customers. These leading technology platform vendors include, but are not limited to, Adobe, PEGA, Google, ServiceNow, Salesforce, IBM, Amazon Web Services, Talend and Microsoft Azure. We believe these alliances differentiate us from our competition. Our extensive engineering, quality assurance and technology implementation and support services which we provide, to software companies enable us to compete more effectively for the technology implementation and support services required by their customers. In addition, our strategic alliances with software companies allow us to share sales leads, develop joint account plans and engage in joint marketing activities.

Clients and Industry Expertise

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We market and provide our services to companies in North America, Europe and Asia. For additional discussion regarding geographic information, see Note 19 to our consolidated financial statements, which is included elsewhere in this annual report. A majority of our revenue for the fiscal year ended March 31, 2022, was generated from Forbes Global 2000 firms or their subsidiaries. We believe that our regular, direct interaction with senior executives at these firms, the breadth of our client relationships, the high quality of our delivery and our reputation within these clients as a thought leader differentiate us from our competitors. The strength of our relationships has resulted in significant recurring revenue from existing clients. For instance, during the fiscal year ended March 31, 2022, 97% of our revenue came from clients to whom we had been providing services for at least one year. Our top 10 clients accounted for approximately 54%, 55% and 56% of our total revenue in the fiscal years ended March 31, 2022, 2021 and 2020, respectively. Our largest client for the fiscal year ended March 31, 2022, Citi, accounted for 17.2% of our total revenue, and for the fiscal years ended March 31, 2021 and 2020, accounted for 18% and 16%, respectively.

We focus primarily on four industries: BFSI, C&T, Healthcare and M&I. We build expertise in these industries through our customer experience and industry alliances by hiring industry specialists and by training our business analysts and other team members in industry-specific topics. Drawing on this expertise, we strive to develop industry-specific perspectives and services.

Communications and Technology. For our communications clients, we focus on customer service, sales and billing functions, and regulatory compliance, helping them improve service levels, reduce time-to-market, and modernize their IT environments. For our technology clients, which include hardware manufacturers and software companies such as BT and Google, we provide a wide range of industry-specific service offerings, including product management services, product architecture, engineering and quality assurance services, and professional services to support product implementation and integration. These clients often employ cutting-edge technology and generally require strong technical skills and a deep understanding of the software product life cycle. The C&T industry represented 21% of our revenue in fiscal year ended March 31, 2022, 23% in fiscal year ended March 31, 2021.

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Healthcare. We focus primarily on solutions involving claims modernization, compliance & reporting, cloud-based analytics for medical records, electronic health records, omni-channel patient-provider and payer-member/provider communication, provider life cycle management, telehealth solutions and healthcare cloud solutions for companies such as Anthem, Cigna and IBM Watson Health, Healthcare is one of the fastest-growing segments within DT, with many solutions aimed at improving quality of care and health mapping to monitor and prevent disease. The healthcare industry represented 15% of our revenue in fiscal year ended March 31, 2022 and 14% in fiscal year ended March 31, 2021.

Banking, Financial Services and Insurance. We provide services to clients in the retail, wholesale and investment banking areas; financial transaction processors; and insurance companies encompassing life, property and casualty, and health insurance. For our BFSI clients, we have developed industry-specific services for each of these sectors; these include account opening frameworks for banks, compliance services for financial institutions, and customer self-service solutions for insurance companies. The need to rationalize and consolidate legacy applications is evident across these industries, and we have tailored our platforming approach to address these challenges. The BFSI industries represented 56% of our revenue in fiscal year ended on March 31, 2022, 55% of our revenue in fiscal year ended March 31, 2021.

Media and Information. We focus primarily on solutions involving electronic publishing, online learning, content management, information workflow, and mobile content delivery, as well as personalization, search technology, and digital rights management. Many M&I providers are focused on building common platforms that provide customized content from multiple sources. This content is tailored and delivered to many consumers using numerous delivery mechanisms. We believe our platforming approach is ideally suited to these opportunities. The M&I industry represented 8% of our revenue in fiscal years ended March 31, 2022 and March 31, 2021.

Competition

The IT services market in which we operate is highly competitive, rapidly evolving and subject to shifting client needs and expectations. This market includes a large number of participants from a variety of market segments, including:

- offshore IT outsourcing firms, such as Cognizant Technology Solutions Corporation, HCL Technologies Limited, Infosys Technologies Limited, Capgemini Service SAS, Tata Consultancy Services Limited, Tech Mahindra Limited and Wipro Limited
- consulting and systems integration firms, such as Accenture PLC, Capgemini Service SAS, Computer Sciences Corporation, Deloitte Consulting LLP and IBM Global Services
- digital engineering firms like EPAM, Endava and Globant.

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We also occasionally compete with in-house IT departments, smaller vertically focused IT service providers, and local IT service providers based in the geographic areas where we compete. We expect additional competition from digital engineering firms in emerging locations such as Eastern Europe and Latin America, offshore IT service providers with facilities in less expensive geographies within India and lower-cost, near-shore centers established by our competitors to provide accelerated staffing alternatives at competitive prices.

We believe that the principal competitive factors in our business include technical expertise and industry knowledge, a breadth of service offerings to provide one-stop solutions to clients, a well-developed recruiting, training and retention model; responsiveness to clients' business needs, and quality of services. We believe that we compete favorably with respect to these factors. Many of our competitors, however, have significantly greater financial, technical and marketing resources and a greater number of IT professionals than we do. We cannot assure you that we will continue to compete favorably or that we will be successful in the face of increasing competition.

Human Resources

Our human capital development framework is aligned to our ability to hire, retain and grow, which allows us both to invest in the development of our team members in a focused manner, and to keep our team members culturally anchored

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to our core values. We are able to accomplish this by focusing our people management strategy on six key components: recruiting, performance management, training and development, employee engagement and communication, compensation, and retention. The principal purposes of our cash incentive plans are to attract, retain and reward personnel through the issuing of cash-based compensation awards, in order to increase the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives. We measure our team members performance by certain key performance areas, their self-development, their teamwork and their impact on our overall organization. Our people management strategy also includes engaging subcontractors at all of our locations, especially in niche or hard to hire skills, on an as needed basis for specific client engagements.

Recruiting. Virtusa's global talent acquisition process addresses our need for a large number of highly skilled team members. Our progressive hiring strategy focuses on creating employer brand and sourcing through various social channels as well as evaluation of candidates through Hackathons/Codeathons and robust processes for leadership hiring.

In India and Sri Lanka, we have taken a step forward in campus outreach by creating "Centers of Excellence" (COEs) where we partner with colleges to develop IT curriculum, support and train their faculty and award sponsorships. These COEs focus on current and futuristic skills like Java, JS Angular, Data Science, Big Data, Talend, Augmented Intelligent Led Management Services (AIMS), Cloud (AWS, Azure and GCP), specialized testing, front end engineering and Adobe CQ, directly improving quality of hires, and ensuring team members are project-ready faster. Our COE initiative in India commenced in the year 2014 and has grown from five colleges to fifty-eight colleges during our fiscal year ended March 31, 2022. We have established seventy-two COEs at fifty-eight colleges spread across India. In addition, we have also anchored a 5-year Master's in technology program in Computer Science Engineering, specializing in full stack engineering. This is a unique initiative we have started across three prestigious institutes in India. This program primarily aims at preparing candidates to be an industry ready full stack engineers, through practical application internships and co-op projects.

We have repeatedly won Candidate Experience Awards for delivering outstanding experiences to candidates throughout the recruitment process. In our fiscal year ended March 31, 2022, we won Candidate Experience Awards in North America, APAC and the United Kingdom.

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Performance Management. We became one of the trend setters in the industry by taking the step of moving away from the traditional way of measuring employee performance and adopted a new platform called REPS (Real-time Engagement and Performance Score). REPS is developed internally by our team and captures most of the performance areas on a real-time basis. The platform focuses on the need of having a transparent and gamified performance system for our workforce. The platform also captures the engagement level of our team members, not just by measuring our team members on certain key performance areas, but also on measuring them on their self-development, their teamwork and their impact on our overall organization. Real-time performance data is visible to everyone, enabling a continuous feedback mechanism, which fosters trust, and empowers employees to be accountable for their performance in real time and not semi-annually as in the earlier framework. We have a roadmap for scaling up for larger population in the coming years. We have won the Silver International Stevie Award for innovation in employee empowerment.

Training and Development. While we focus on hiring the best talent, our primary focus continues to be on developing and reskilling our team members to ensure they remain relevant from a technology standpoint. We also focus on social learning through digital platforms to enable our team members to collaborate and mentor each other in new technologies. In fiscal year ended March 31, 2022, we were able to deliver an average of 62 hours of training to our team members, resulting in diverse skill inventory and learner engagement.

With the DT and CT driven growth strategy that we embrace, our focus continued on competency baselining through our flagship program – Engineering IQ, enabling us to be relevant for our business growth strategy. The program adoption stands at 85% giving us the impetus and edge for internal deployments and staying relevant for our clients. Further enhancements were seen in the Cloud & Digital certifications. We currently have approximately 2,000 technology professionals who are certified technical team members. An elite program of digital transformation studio (DTS) based on Cloud (AWS, Azure and GCP), the foundation of EIQ, further bolstered the certification process with 518 Basic and 217 Specialists. Our endeavors to build techno-functional manager, a very competitive program design has been initiated for the project managers community under the banner of "Digital Manager" (DM).

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With the organization's agenda to build leaders from within, in fiscal year ended March 31, 2022we launched leadership development programs with uniquely designed programs in collaboration with global training partners. Through these programs, we provided opportunities access to over 250 leaders across tiers and geographies for various training programs such as Global One Leadership Development (GOLD), the Emerging Leaders Development Program (ELDP), the Women Leaders Program (WLP), Leaders as Coaches and VLead. These leadership programs include training of 16 coaches who would become certified coaches. Virtusa has been recognized by ATD (Association for Talent Development) for the successful implementation of its Employee Learning Week in December 2021, a reward accomplished consistently for the last 5 years.

Employee Engagement and Communication. Virtusa's retention philosophy is based on maximizing employee engagement through multiple platforms that include conducting mobile enabled, AI powered surveys (InMyOpinion and MyThoughts), seeking feedback from team members regarding their life and career at Virtusa and studying talent trends through predictive analytics on turnover and performance. Feedback received through these surveys and predictive analytics are used to implement key people programs and initiatives. We strongly believe that open communication is essential to our team-oriented culture. Through regular company-wide updates from senior management, complemented by team member sessions at the regional, local and account levels, as well as regular town hall sessions, we ensure that we engage and interact with all our employees to optimize individual career paths while fostering a team culture. We use a digital platform called RAVE for acknowledging each other on a real-time basis on good work performed by our team members. We also use the platform to promote our core values of passion, innovation, respect and leadership (PIRL) . Yammer is another social digital business platform that we widely use to interact and share ideas and information with our colleagues. Our social media platform strengthens collaboration and facilitates knowledge sharing, while driving transparency. We have been certified as one of the U.K.'s Top Employers for the 13th consecutive year, providing excellent employee conditions, nurturing talent, and striving to continuously improve employment practices. We have a comprehensive rewards and recognition framework that includes programs that are global as well as specific to Geographies aimed at maximizing coverage and participation. These programs are designed to create a differentiated people value proposition and enables us to cater to the expectations of a multi-generational talent pool. The overarching objective of the framework is to enable a high-performance culture.

Compensation. For compensation, we use a total reward strategy which strives to design, administer and communicate the most effective reward programs with maximum motivational impact to drive desired behaviors. Our compensation strategy is based on a "3P" model which gives equal weight to Pay for Person (person premium based on competency assessment, skill and market demand); Pay for Position (position evaluation and market pay level) and Pay for Performance (individual contributions and organization's performance). We consistently benchmark our compensation and benefits with relevant market data in the industry. Our compensation philosophy rewards performance by linking both variable compensation and salary increases to performance.

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Retention. To attract, retain and motivate our team members, we seek to provide an environment that rewards entrepreneurial initiatives, adaptive leadership and performance. During the fiscal year ended March 31, 2022, we experienced voluntary team member attrition at a rate of 23.1% and involuntary team member attrition at a rate of 5.0%. We remain committed to improving and sustaining our voluntary attrition levels consistent with our long-term stated goals.

We are focused on retention of the right talent in the organization through various initiatives like:

- providing re-skilling and development opportunities to our team members
- sharing clear career paths with the team members and doing timely rotations so that team members get better exposure
- providing team members opportunities to interact with our clients in their transformational journey
- creating a transparent performance management system where team members can see each other's achievements through leader boards, thus inducing a competitive yet healthy work culture
- providing digital tools to ensure that team members are able to share their views cutting across all levels of the organization on a non-moderated platform

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- ensuring that team members own their performance by focusing on self-development, knowing how to contribute to the team, and being aware of how they can make an impact on the overall organization

- adopting a system to manage our people-related transactions in a more efficient way based mainly on self-service modules, hence empowering our leaders and their team members to take faster and informed decisions related to people matters

At March 31, 2022, we had 31,143 team members worldwide. We also engage outside contractors from time to time to supplement our services on an as needed basis. None of our team members are covered by a collective bargaining agreement or represented by a labor union. We consider our relations with our team members to be good.

Network and Infrastructure

Our global IT infrastructure is designed to provide uninterrupted service to our clients. Through a combination of targeted investments and a strong understanding of the emerging cybersecurity trends, we currently have a mature capability that can support any specific security and compliance requirements that our clients may have, in addition to the industry best-in-class safeguards that we already use to protect the client's network and infrastructure.

We use a secure, high-performance communications network to enable our clients' systems to connect seamlessly to each of our offshore global delivery centers. We provide flexibility for our clients to operate their engagements from any of our offshore global delivery centers by using mainstream network topologies, including site-to-site virtual private networks, international private leased circuits and multiprotocol label switching. We also provide videoconferencing, voice conferencing and Voice over Internet Protocol capabilities to our global delivery teams and clients to enable clear and uninterrupted communication in our engagements, be it intra-company or with our clients.

We monitor our network performance on a 24×7 basis to ensure high levels of network availability and periodically upgrade our network to enhance and optimize network efficiency across all operating locations. We use leased telecommunication lines to provide redundant data and voice communication with our clients' facilities and among all our facilities in Asia, the United States and Europe. We also maintain multiple sites across our global delivery centers in Asia, particularly our largest centers in India and Sri Lanka, and the United States to provide for continuity of infrastructure and resources in the case of natural disasters or other events that may cause a business interruption.

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Our network infrastructure is secured using two-factor authentication for remote access, mobile device management, data loss prevention, advanced malware protection and periodic external vulnerability assessments and penetration testing. We are ISO 27001 and ISO 22301 certified in all our major delivery centers to safeguard clients' and our own information assets and believe that we meet all our clients' stringent security requirements for ongoing business with them. Annual re-certification is performed by a qualified external third-party agency. The review examines our information security framework and comments on its strengths and weaknesses. There are training and annual recertification requirements for all employees in addition to the frequent messaging on the importance of cybersecurity. Given the increasing sophistication of today's cyberattacks, we may be unable to prevent a security breach.

Intellectual Property

We believe that our continued success depends in part on the skills of our team members, the ability of our team members to continue to innovate and our intellectual property rights. We rely on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property rights and proprietary methodologies. It is our policy to enter into confidentiality agreements with our team members and consultants that generally provide that any confidential or proprietary information developed by us or on our behalf be kept confidential. We have also designed procedures to generally control access to and distribution of our proprietary information. We pursue the registration of certain of our trademarks and service marks in the United States and other countries. We have registered the mark "Virtusa" in the United States, the United Kingdom, the European Community, India, Australia, Mexico, Malaysia, and Singapore and have filed for registration of "Virtusa" in Sri Lanka and Canada. We similarly have registered or applied for registration of Virtusa's stylized "Virtusa" mark in the United States, the European Community, India, Australia, Mexico, Canada, Malaysia, Singapore, and the United Kingdom. We also hold U.S. registrations for PRODUCTIZATION and VLIFE, and we own via our subsidiary, Apparatus, Inc., U.S.

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registrations for the marks APPARATUS and SIMPLIFY IT. We have two patents issued in the United States, one patent issued in Europe, one patent issued in Sri Lanka, and several pending patent applications.

Our business involves the development of IT applications and other technology deliverables for our clients. Our clients usually own the intellectual property in the software applications that we develop for them. We generally implement safeguards designed to protect our clients' intellectual property in accordance with their needs and specifications. Our means of protecting our and our clients' proprietary rights, however, may not be adequate. Despite our efforts, we may be unable to prevent or deter infringement or other unauthorized use of our and our clients' intellectual property. Legal protections afford only limited protection for intellectual property rights and the laws of India and Sri Lanka do not protect intellectual property rights to the same extent as those of the United States and the United Kingdom. Time-consuming and expensive litigation may be necessary in the future to enforce these intellectual property rights.

In addition, we cannot assure you that our intellectual property or the intellectual property that we develop for our clients does not or will not infringe the intellectual property rights of others. Defending against such claims, even if they are not meritorious, could be expensive and divert our attention from operating our company. If we become liable to third parties for infringing upon their intellectual property rights, we could be required to indemnify our client(s), pay substantial damage awards and be forced to develop non-infringing technology, obtain licenses, or cease delivery of the applications that contain the infringing technology.

Environmental, Social and Governance Strategy

At Virtusa, we drive our environmental, social, and governance (ESG) commitments with passion and purpose. In our fiscal year ended March 31, 2022, we set up an ESG Committee with board oversight and executive team members including the CEO as we continue to support the 10 UN Global Compact Principles and the UN Sustainable Development Goals. The Committee oversees our corporate ESG strategy and developed the ESG objective, goals, strategies, and measures, which sets out our ESG goals from 2021 to 2030.

Awards and recognition

- In 2021, we received a rating of "A-" (Leadership band), which is higher than the global average (B-) and the North American regional average (C). Our Supplier Engagement Rating for 2021 was "A-"by CDP.
- In 2021, Virtusa received a silver medal in the EcoVadis Ratings assessment

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Our ESG program includes areas of high materiality and stakeholder interest as shown in the table below:

Area	*Framework/Guidance*	*Current Status*
Environment (Code Green)	• ISO 14001:2004 (EMS) • ISO 50001:2011 Guidance (Energy) • ISO 14064 Guidance (Climate Change) • Greenhouse Gas (GHG) Protocol	• 17 technology centers in Australia, India, Singapore, Sri Lanka, the UK, and the US are certified. • Encompasses climate change, emissions, energy, water and waste management. • We report our GHG emissions to the Carbon Disclosure Project.

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Health and Safety	• ISO 45001:2018 • Five-S •	• 17 technology centers in Australia, India, Singapore, Sri Lanka, the UK, and the US are certified.
Business Continuity Management	• ISO 22301:2012	• 18 technology centers in India, Sri Lanka, the UK, the US, and Hungary are certified.
Information Security	• ISO 27001:2013 • General Data Protection Regulation (GDPR)	• 21 technology centers in India, Sri Lanka, the UK, the US, Singapore, Hungary, and Sweden are certified.
Labor Standards and Diversity	• SA 8000 Guidance • Modern Slavery Act 2015 (UK) • Equality Act 2010 (UK) • United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) • United Nations Guiding Principles on Business and Human Rights (UNGPs)	Policies formulated under SA 8000 guidance since July 2016.
Anti-Bribery and Corruption	• Foreign Corrupt Practices Act 1977 • Bribery Act 2010 (UK)	Policy signed in line with framework.
Management Engagement and Social Impact	• ISO 26000 Guidance • Companies Act 2013 section 135 (India)	Create social impact through the following: • CampusReach – Supporting the next generation of IT professionals to be workforce ready. • DigitalReach – Creating a digitally inclusive society. • TechReach – Using technology for good. • OutReach – Community outreach activities CSR Operating Committee for pan-India formed in 2015.

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Environmental. We monitor emissions, energy usage, water usage, and waste. In order to meet our target of obtaining 40% energy from renewable energy by 2030, we invested US$ 1 million in solar energy for our three campuses in Hyderabad and Navalur in Fiscal Year 2021 and 2022. In addition, we are in the process of aligning our emissions reduction targets with net-zero/Science Based Targets (SBT). Our emissions data for scopes 1, 2 and 3 have limited

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assurance under ISAE3000 from Ernst & Young. In addition, we report our emissions to the Carbon Disclosure Project (CDP), Climate Change program and the Supply Chain program.

We recognize that access to a safe, clean, and healthy environment is a fundamental human right. We are committed to operating business in an environmentally suitable manner and ensuring the health, safety and well-being of our employees and contractors. We have workplace wellness programs in place to emphasize the health and wellness benefits needed for physical, mental, and social well-being in and out of the office. We have also established workplace safety objectives to ensure the health and safety of each other by effectively identifying hazards and taking all measures to prevent work-related accidents.

Social. We value a diverse workforce. Our goal is to provide a work environment that values diversity and innovation while providing learning opportunities for our team members to have the exposure and training needed to provide our customers with an industry-ready, skilled workforce. In fiscal 2022, we launched our global Diversity, Equity, Inclusion (DEI) charter, a DEI program hinged on thought diversity that fuels innovation and amplifies our commitment to promote an inclusive work environment. In line with our DEI goals, our target is to have a gender-balanced workforce with 40% female by Fiscal 2026. Our workforce is currently 31% female.

Building a learning culture has always been our priority. Most recently, we recently launched our Thrive Academy, Virtusa's hands-on exposure training aimed at continuously upskilling our global team members. In line with our growth strategy, certifications have gained momentum. We also provide multiple learning opportunities to prepare team members for leadership roles including: the Global One Leadership Program, partnered with the National Training Lab to grow leaders from within; Launchpad, an emerging talent training program; EDP, a 360-degree leadership coaching and feedback program; Women in Leadership Program, to empower women and support career growth; STEP+, a sales talent enhancement program, and competency and mandatory training programs to meet audit, regulatory and client requirements.

1. ***Organizational Initiatives*:** Capability transformation complementing our strategy of DTCT

Cloud Transformation:

- 1,500+ professionals trained in various cloud technologies; 596 professionals certified

Digital transformation:

- Engineering IQ – baselining core competencies, providing personalized learning experience to all professionals, building accurate skill database for quicker decision making.
- DTS - DTS certified team members are critical part of the DTS University model. Elite group of techies provided with hands-on exposure on the internal Engineering Tools and Assets.
- Digital Managers – Initiative to augment the technical capabilities of the Delivery Managers.

2. ***Developing leaders from within*** - Customized leadership development programs targeted at communities across career levels
   - Leaders as Coaches – Senior Leadership
   - GOLD – Senior Leadership
   - ELDP – Mid Management
   - WLP –For women potential leaders
   - VLEAD

3. ***Continuous upskilling***
   - 62 hours of average person training.
   - Industry certifications – 1,189 industry certifications. 12% increase compared to last year
   - Focused campaign to deepen domain expertise – 561 certifications across banking, insurance, healthcare and telco
   - Won 'Champion of Learning' award from ATD for 5th consecutive year

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We believe that technology can create a positive social impact in our communities and focus on four corporate social responsibility Pillars: CampusReach, TechReach, DigitalReach and OutReach. These strategic projects provide long-term value and use our engineering excellence to solve social issues. We set up the Virtusa Foundation to formalize our social responsibility strategy and bring all of our initiatives under one umbrella

Governance. Our ethics and compliance program is enforced through our code of business conduct and ethics, anti-bribery and corruption policies, and whistleblower reporting procedures, which apply to all directors, officers, employees and contractors. It reflects our commitment to uphold the highest standards of ethical conduct and our dedication to honesty and integrity which have always been at the core of Virtus's belief system.

Our risk management system focuses on enterprise risk management, including data privacy and business continuity management. Our information security program is developed based on best practices and industry standards. Our Information Security Management Policy sets out the governance structures, monitoring and compliance requirements for protecting our data and systems. Our privacy practices are governed by our Website Privacy Policy and Enterprise Privacy Policy

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Risk Factors

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider. Our operating results and financial condition have varied in the past and may vary significantly in the future depending on a number of factors. We cannot be certain that we will successfully address these risks. If we are unable to address these risks, our business may not grow or we may be unable to stay in business. Additional risks and uncertainties not presently known to us, which we currently deem immaterial, or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations.

Except for the historical information in this Annual Report, various matters contained in this Annual Report include forward-looking statements that involve risks and uncertainties. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report and presented elsewhere by management from time to time. Such factors, among others, may have a material adverse effect upon our business, results of operations and financial condition. You should consider carefully the following risk factors, together with all of the other information included in this Annual Report. Each of these risk factors could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock.

Risks Related to Our Business

Adverse global economic conditions due to the COVID-19 pandemic could have a material and adverse impact on our business and result in reduced revenues and profitability.

The ongoing global COVID-19 pandemic has caused and continues to cause significant loss of life and has resulted in curtailment of economic activities across the world as local administrations and governments seek to limit spread of the disease, including through lockdown policies, restriction on business activities and business shutdowns. Among other things, many of our and our clients' offices have been closed and employees have been working from home, and many customer-facing businesses have closed or are operating at a significantly lower capacity to observe various social distancing requirements and government-mandated COVID-19 protocols. This may adversely impact the demand for our offerings, our service delivery and our business in certain sectors, countries and service offerings. The majority of our clients are based in the United States, the United Kingdom and other countries in Europe, all regions that have been significantly impacted by the pandemic. The conditions caused by the COVID-19 pandemic have affected and may continue to affect the rate of customer spending, including through cancellations or ramp-downs of existing projects, customers' decreased ability or willingness to purchase our offerings, delays to prospective customers' purchasing decisions and requests by customers for price discounts, all of which has affected and may adversely affect our future revenues, operating results and overall financial performance.

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Further, macroeconomic conditions caused by COVID-19 may result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables (including contract assets and unbilled receivables) and negatively impact our liquidity and cash generated from operations. Our operations have been affected and may continue to be affected by a range of external factors related to the COVID-19 pandemic that are not within our control. Due to the closure of many of our and our clients' facilities, including as a result of various orders from local administrations or governments, we may face challenges in delivering services to our clients and cause significant disruptions to our operations. The pandemic, particularly in India and other countries where we have near-shore or offshore delivery operations for clients and offices of clients where our employees normally work, may impact our ability to deliver services to clients. As many of our employees continue to work from home, we may be exposed to additional cyber or ransomware attacks despite having strong cyber security controls in place. We face increased costs from the pandemic, including as a result of mitigation efforts such as enabling increased work-from-home capabilities and additional health and safety measures. If the COVID-19 pandemic continues to have a substantial impact on our employees', partners' or customers' attendance or productivity or employee morale, our results of operations and overall financial performance may be harmed, and the recoverable value of our assets may be significantly reduced, which may result in impairment loss. Addressing the significant challenges presented by the pandemic, including

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various business continuity measures and the need to enable work-from-home arrangements for many of our employees, has demanded significant management time and attention and strained other corporate resources.

The COVID-19 pandemic continues to evolve as countries are facing new coronavirus variants and eased COVID-19-related restrictions on businesses and consumers could affect our ability to deliver services to our clients because of an outbreak of illness among our employees, our clients' employees, or at a facility. The ultimate extent to which the pandemic impacts our business, liquidity, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted at this time, including the delivery and effectiveness of vaccines, future mutations of the COVID-19 virus and any resulting impact on the effectiveness of vaccines, the duration and extent of the pandemic and waves of infection, travel restrictions and social distancing, the duration and extent of business closures and business disruptions and the effectiveness of actions taken to contain, treat and prevent the disease.

Even though we have enabled our work force to work remotely, potential impacts of COVID-19 include, but are not limited to, the following:

- termination, reduction or deferral of IT service engagements or IT budgets, resulting in sharp reduction of revenues, reduced demand for IT services, lower utilization of our team members and lower profitability;
- temporary closure of offices or travel restrictions which may restrict our ability to service our clients or obtain new client engagements;
- workforce disruptions due to illness, quarantines, government actions, facility closures or other restrictions;
- our inability to accurately forecast sales, revenue, soft backlog or pipeline during the pandemic period;
- difficulty in assessing client demand and resource and staffing needs, leading to higher costs and lower utilization; and
- increased levels of attrition, including unwanted attrition delays or failure of our clients to pay us, which could significantly increase the amount of our accounts receivable and require us to record additional allowances for doubtful accounts or use needed cash reserves as our days sales outstanding increases.

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We are unable at this time to predict the full impact of COVID-19 on our operations, liquidity and financial results and, depending on the magnitude and duration of the COVID-19 pandemic, such impact may be material. In addition, to the extent the COVID-19 pandemic adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

Our revenue is highly dependent on a small number of clients, and the loss of, or material reduction in, revenue from any one of our major clients could significantly harm our results of operations and financial condition.

We have historically earned and believe that over the next few fiscal years we will continue to earn, a significant portion of our revenue from a limited number of clients. For each of our fiscal years ended March 31, 2022 and 2021, our top five clients accounted for approximately 39% and 41%, respectively, of our total revenue. For the fiscal year ended March 31, 2022, Citi accounted for 17.2% of our total revenue. The loss of, or material reduction in, revenue from any one of our major clients for any reason, could materially reduce our total revenue, harm our reputation in the industry and/or reduce our ability to accurately predict our revenue, net income and cash flow. The loss of, or material reduction in revenue from any one of our major clients could also adversely affect our gross profit and utilization as we seek to redeploy resources previously dedicated to that client. Generally, our clients retain us on a non-exclusive, engagement-by-engagement basis, rather than under exclusive long-term contracts and may typically terminate or reduce our engagements without termination-related penalties. Accordingly, we cannot assure you that revenue from our major clients will not be significantly reduced in the future, including from factors unrelated to our performance or work product such as consolidation by or among our clients, or the acquisition of a client, decrease to a client's spending budget, or cost savings

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initiatives of our clients which may result in immediate lower external spend by our clients. Further, the loss of, or material reduction in, revenue from any one of our major clients has required us, and could in the future require us, to increase involuntary attrition. This could have a material adverse effect on our attrition rate and make it more difficult for us to attract and retain IT professionals in the future.

We may not be able to maintain our client relationships with our major clients on existing or on continued favorable terms and our clients may not renew their agreements with us, in which case our business, financial condition and results of operations would be adversely affected. Our client concentration may also subject us to perceived or actual leverage that our clients may have, given their relative size and importance to us. If our clients seek to negotiate their agreements on terms less favorable to us and we accept such unfavorable terms, such unfavorable terms may have a material adverse effect on our business, financial condition and results of operations. Accordingly, unless and until we diversify and expand our client base, our future success will significantly depend upon the timing and volume of business from our largest clients and the financial and operational success of these clients. If we were to lose one of our major clients or have a major client cancel substantial projects or otherwise significantly reduce its volume of business with us, our revenue and profitability would be materially reduced and our business and operating results would be seriously harmed.

If we cannot attract and retain highly skilled IT professionals, our ability to obtain, manage and staff new projects and expand existing projects may result in loss of revenue and an inability to expand our business.

Our business is labor intensive and our ability to execute and expand existing projects and obtain new clients depends largely on our ability to hire, train and retain highly skilled IT professionals, particularly project managers, IT engineers and other senior technical personnel. The improvement in demand for global IT services has further increased the need for employees with specialized skills or significant experience in IT services, particularly at senior levels and those with special skills. Further, there is intense worldwide competition for IT professionals with the skills necessary to perform the services we offer. If we cannot hire and retain such additional qualified personnel, our ability to acquire, manage and staff new projects and to expand, manage and staff existing projects, may be materially impaired. We may then lose revenue and our ability to expand our business may be harmed. For example, at March 31, 2022, our voluntary attrition rate for the trailing 12 months was approximately 23.1%. We, and the industry in which we operate, generally experience high employee attrition and we cannot assure you that we will be able to hire or retain the number and quality of technical personnel necessary to satisfy our current and future client needs. We also may not be able to hire and retain enough skilled and experienced IT professionals to replace those who leave. Additionally, if we have to replace personnel who have left our company, we will incur increased costs not only in hiring replacements but also in training such replacements until they can become productive and billable to our clients. In addition, we may not be able to redeploy and retrain our IT professionals in anticipation of continuing changes in technology, evolving standards and changing client preferences. Our inability to attract and retain IT professionals, or delays or inability to staff needed resources on client engagements may cause client dissatisfaction, project and staffing delays in new and existing engagements, project cancellations, project losses, higher project costs and loss of revenue, resulting in decreases in profits and a material adverse effect on our business, results of operations, financial condition and cash flows.

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The international nature of our business exposes us to many complex risks, which may be beyond our control.

We have operations in the United States, the United Kingdom, the Netherlands, India, Sri Lanka, Germany, Singapore, Austria, Hungary, Malaysia, Switzerland and Sweden Hong Kong, United Arab Emirates, New Zealand, Japan, Qatar, Mexico, Australia and Canada and we serve clients across North America, Europe and Asia.. For the fiscal years ended March 31, 2022, 2021 and 2020, revenue generated outside of North America accounted for 28%, 26% and 26% of total revenue, respectively. Our corporate structure also spans multiple jurisdictions, with Virtusa Corporation incorporated in Delaware and its operating subsidiaries organized in India, Sri Lanka, the United Kingdom, Hungary, Germany, Singapore, Austria, Malaysia, Sweden, Switzerland, Mexico and the Netherlands, Australia, the United Arab Emirates, Qatar, Japan and Canada. As a result, our international revenue and operations are exposed to risks typically associated with conducting business internationally, many of which are beyond our control. These risks include:

- the impact from the COVID-19 pandemic on our clients and their demand for IT services, our ability to provide uninterrupted IT services to our clients, and impact on the global economy generally;

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- changes in or interpretation of employment laws and regulations, including, without limitation, regulations requiring the withholding and contribution towards government sponsored employee benefit plans, including the provident fund and gratuity fund in India and Sri Lanka, with the amount of such contributions being determined by complex calculations which are subject to change and interpretation by the local governmental authorities; any changes or new interpretations to these regulations requiring us to increase our financial contributions to these plans (prospectively or retrospectively) could have a material adverse effect on our results of operations, financial condition and cash flows, including, for instance, the Code on Social Security, 2020, which was recently passed by Indian Parliament in September 2020 to rationalize labor laws and which broadens the definition of an employee and wages and liberalizes the definition of "continuous period" for the purpose of determining employee benefits, amongst others, resulting in higher employer benefit and post retirement costs, including higher contributions by the Company towards the Provident Fund and Gratuity in India.

- economic, civil and political instability or uncertainty may increase in the countries in which we operate including, for instance, Sri Lanka , which is currently experiencing and may continue to experience civil and political unrest.

- negative currency fluctuations between the U.S. dollar and the currencies in which we conduct transactions, including most significantly, the U.K. pound sterling, the euro, the Indian rupee, the Singapore dollar, the Canadian dollar and the Australian dollar (each in which our foreign revenues are principally denominated) and the Indian and Sri Lankan rupees (in which our foreign costs are primarily denominated);

- adverse income tax consequences resulting from foreign income tax examination, such as challenges to our transfer pricing arrangements and challenges to our ability to claim tax holiday benefits in the countries in which we operate;

- changes in tax laws or in their interpretation, enforcement or changes in economic policies;

- difficulties in staffing, managing and supporting operations in multiple countries;

- potential fluctuation or decline in foreign economies;

- unexpected changes in regulatory requirements, including immigration restrictions, potential tariffs and other trade barriers;

- legal uncertainty owing to the overlap of different legal regimes and problems in asserting contractual or other rights across international borders, including compliance with local laws of which we may be unaware;

- government currency control and restrictions on repatriation of earnings;

- the burden and expense of complying with the laws and regulations of various jurisdictions; and

- domestic and international economic or political changes, hostilities, terrorist attacks and other acts of violence or war.

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Negative developments in any of these areas in one or more countries could result in a reduction in revenue or demand for our services, the cancellation or delay of client contracts, business interruption, threats to our intellectual property, difficulty in collecting receivables and a higher cost of doing business, including higher taxes, any of which could negatively affect our business, financial condition or results of operations. We continue to monitor the evolving situation in Russia and Ukraine, including the health and safety of our employees and contractors in nearby regions although we have no employees, infrastructure or operations in Ukraine or Russia. To date, we have not experienced any disruptions to our business; however, we cannot predict the long-term effects of any disruptions caused by geo-political

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issues as circumstances or conflicts may change rapidly or escalate quickly. Should our suppliers or customers experience disruption, our business could be materially impacted.

We may face damage to our professional reputation and be subject to claims or litigation, resulting in high or unexpected costs, if our services do not meet our clients' expectations or violate contractual terms.

Many of our projects involve technology applications or systems that are critical to the operations of our clients' businesses and handle very large volumes of transactions. If we fail to perform our services correctly, we may be unable to deliver applications or systems to our clients with the promised functionality or within the promised time frame, or to satisfy the required service levels for support and maintenance. If a client is not satisfied with our services or products, including those of subcontractors we employ, we may not be able to invoice for our services, or if we do invoice, we may not be able to collect the fees due on such engagements and our business may suffer. Moreover, if we fail to meet our contractual obligations, our clients may terminate their contracts and we could face legal liabilities, and increased costs, including warranty or breach of contract claims against us. If we were not to prevail in the litigation, we may be required to refund all fees paid, reverse previously recognized revenues or pay damages suffered by the client which may exceed the value of the contract, despite limitation of liability provisions in the contract. If any adverse litigation or arbitration award were granted against us, we may not have reserved sufficiently (or at all, depending on the probability of outcome) for these losses and, as such, these losses could result in reversal of revenues or increased and unexpected financial losses which could have a material and negative impact on our statement of operations and cash position in the financial quarter and fiscal year in which the award was granted. Any failure in a client's project could also result in a claim for substantial damages, our inability to recognize all or some of the revenue for the client project, potential reversals of revenue previously recognized, non-payment of outstanding invoices, increased expenses due to increase in reserves for doubtful accounts, loss of future business with such client, increased costs due to non-billable time of our resources dedicated to address any performance or client satisfaction issues, or litigation costs and expenses, regardless of our responsibility for such failure.

The IT services market is highly competitive and our competitors may have advantages that may allow them to compete more effectively to secure client contracts and attract skilled IT professionals.

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The IT services market in which we operate includes a large number of participants and is highly competitive. Our primary competitors include offshore IT outsourcing firms and consulting and systems integration firms. We also occasionally compete with in-house IT departments, smaller vertically focused IT service providers and local IT service providers based in the geographic areas where we compete. We expect additional competition from offshore IT outsourcing firms in emerging locations such as Eastern Europe and Latin America, as well as offshore IT service providers with facilities in less expensive geographies within India.

The IT services industry in which we compete is experiencing rapid changes in its competitive landscape. Some of the large consulting firms and offshore IT service providers with which we compete have significant resources and financial capabilities combined with a greater number of IT professionals. Many of our competitors are significantly larger and some have gained access to public and private capital or have merged or consolidated with better capitalized partners. These events have created and may in the future create larger and better capitalized competitors. Our competitors may have superior abilities to compete for market share and compete against us for business with our existing and prospective clients. Our competitors may also have larger engagements with our existing or prospective clients which, due to our size and scale, may provide our competitors with significant advantages in any competitive bidding process. Our competitors may also be better able to use significant economic incentives, such as lower billing rates or non-billable resources, to secure contracts with our existing and prospective clients or gain a competitive advantage by being able to staff engagements that we are unable to staff, due to our shortage of resources, our lack of special skill sets or immigration delays. Our competitors may also be better able to compete for and retain skilled professionals by offering them more attractive compensation or other incentives. These factors may allow our competitors to have advantages over us to meet client demands in an engagement requiring large numbers and varied types of resources with specific experience or skillsets that we may not have readily available in the short-term or the long-term. We cannot assure you that we can maintain or enhance our competitive position against current and future competitors. Our failure to compete effectively could have a material adverse effect on our business, financial condition or results of operations.

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We may face difficulties in providing end-to-end business solutions or delivering complex and large projects for our clients that could cause clients to discontinue their work with us, which in turn could harm our business, results of operations and financial condition.

We have been expanding the nature and scope of our engagements and have added new service offerings across the industries we serve. The success of these service offerings depends, in part, upon continued demand for such services by our existing and prospective clients and our ability to meet this demand in a cost-competitive and effective manner. To obtain engagements for such end-to-end solutions, we also are more likely to compete with large, well-established international consulting firms, resulting in increased competition and pricing pressure. Accordingly, we cannot be certain that our new service offerings will effectively meet client needs or that we will be able to attract existing and prospective clients to these service offerings.

The increased breadth of our service offerings has resulted and may continue to result in larger and more complex projects with our clients. This requires us to establish closer relationships with our clients and achieve a thorough understanding of their operations. Our ability to establish such relationships depends on a number of factors, including the proficiency of our professionals and our management personnel. Our failure to understand our client requirements or our failure to deliver services that meet the requirements specified by our clients could result in termination of client contracts, client disputes and contractual claims against us, and we could be liable to our clients for significant penalties or damages, as well as legal and litigation costs if claims are not resolved amicably, each of which could have a material adverse effect on our business, results of operations and financial condition.

Larger projects often involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from factors that have little or nothing to do with the quality of our services, such as the business or financial condition of our clients or the economy generally. Such cancellations or delays make it difficult to plan for project resource requirements and inaccuracies in such resource planning and allocation may have a negative impact on our business, results of operations and financial condition.

We may not be able to obtain, develop or implement new systems, infrastructure, procedures and internal controls that are required to support our operations, maintain cost controls, market our services and manage our relationships with our clients.

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To manage our operations and growth effectively, we must continue to maintain and may need to enhance our IT infrastructure, financial and accounting systems and internal controls and manage expanded operations in several locations. Further, we will need to manage our relationships with various clients, vendors and other third parties. We may not be able to develop and implement on a timely basis, if at all, the systems, infrastructure, procedures and controls required to support our operations, including infrastructure management, and controls regarding usage and deployment of hardware and software, for performance of our services. Any failure by us to comply with these controls or our contractual obligations could result in legal liability to us, which would have a negative impact on our consolidated statements of income and consolidated balance sheets. Additionally, some factors, like changes in immigration laws or visa processing restrictions that limit our ability to engage offshore resources at client locations in the United States, the United Kingdom or other countries, are outside of our control. Our future operating results will also depend on our ability to develop and maintain a successful sales organization and processes that can ensure our ability to effectively monitor, manage and forecast our sales activities and resource needs. If we are unable to manage our operations effectively, our operating results could fluctuate from quarter to quarter and our financial condition could be materially adversely affected. If we do not continue to maintain and/or develop and implement the right processes and tools to manage our enterprise, our ability to compete successfully and achieve our business objectives could be impaired.

Cyber-attacks as well as improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business and results of operations.

Our business is heavily dependent on the security of our IT networks and those of our clients. Internal or external attacks on any of those could disrupt the normal operations of our engagements and impede our ability to provide critical services to our clients, thereby subjecting us to liability under our contracts. Additionally, our business involves the use, storage and transmission of information about our employees, our clients and customers of our clients. While we take measures to protect the security of, and unauthorized access to, our systems, as well as the privacy of personal and

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proprietary information, it is possible that our security controls over our systems, as well as other security practices we follow or those systems of our clients into which we operate and rely upon, may not prevent the improper access to or disclosure of personally identifiable or proprietary information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue.

Restrictions on immigration may affect our ability to compete for and provide services to clients in the United States, Europe (particularly, the United Kingdom), or other countries, which could result in lost revenue, lower gross margins, delays in or losses of client engagements and otherwise adversely affect our ability to meet our growth, revenue and profit projections.

The vast majority of our team members are Indian and Sri Lankan nationals. The ability of our IT professionals to work in the United States, the United Kingdom and other countries depends on our ability to obtain the necessary visas and entry permits, including the H-1(B) visa in the United States. The U.S. government conducts a random lottery to determine which H-1(B) applications will be adjudicated that year. Increasing demand for H-1(B) visas, or changes in how the annual limit is administered, could limit our ability to access those visas. In recent years, the United States has increased the level of scrutiny in granting H-1(B), L-1 and other business visas. The H-1(B) visa classification enables U.S. employers to hire qualified foreign workers in positions that require an education at least equal to a four-year bachelor's degree in the United States in specialty occupations such as IT systems engineering and systems analysis. The H-1(B) visa usually permits an individual to work and live in the United States for a period of up to six years. Under certain circumstances, H-1(B) visa extensions beyond the six-year period may be available. H-1(B) visa holders are required to be paid the higher of the actual wage or the prevailing wage for their position at the site of their employment.

In addition, there are strict labor regulations associated with the H-1(B) visa classification, including disclosure, attestations and document retention. Employers who are H-1(B) dependent (i.e. those with fifteen percent (15%) or more of their workforce on H-1(B) visas) are potentially subject to additional disclosures, attestations and subject to specific affirmative recruitment requirements if the employees they sponsor for H-1(B) visa do not qualify as "exempt" employees. An exempt employee is one who is either (a) paid an annual salary of at least $60,000 or (b) one who holds a masters or higher degree in a specialty occupation or field of study related to their employment. Virtusa is an "H-1(B) Dependent Employer." To avoid being subject to additional attestations, disclosures, and affirmative recruitment requirements, we do not sponsor employees for H-1(B) visas who make less than $60,000 per year. As an "H-1(B) Dependent Employer" our petitions are subject to greater scrutiny at the time of adjudication. All users of the H-1(B) program are subject to periodic site visits from the United States Citizenship and Immigration Services, or USCIS, to verify their compliance with immigration and Labor Regulations. In addition, the Wage and Hour Division of the United States Department of Labor may also conduct H-1(B) audits to verify compliance with labor regulations. A finding by the United States Department of Labor of willful or substantial failure by us to comply with existing regulations on the H-1(B) classification may result in back-pay liability, substantial fines, and/or a ban on future use of the H-1(B) program and other immigration benefits. We are users of the H-1(B) visa classification with respect to some of our key offshore workers who have relocated onsite to perform services for our clients. As a result of our H-1(B) Dependent Employer status, we are likely subjected to more site visits and a higher level of scrutiny by USCIS and the U.S. Department of Labor than Non-Dependent Employers, each of which can negatively impact or delay our ability to staff onsite projects with offshore resources.

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From time to time, we are also subject to audit from immigration authorities across our global centers to ensure we are in compliance with applicable immigration law. We can give no assurance that our U.K. subsidiaries or any of our other global subsidiaries will not be subject to future audits or that such future audits will not result in future sponsorship license suspensions or that our ability to sponsor visas will not be restricted. If our ability to sponsor visas is suspended or terminated in any country in which we do business, our key project personnel may not be able to obtain necessary visas or work permits which could delay or prevent our fulfillment of certain client projects, which could hamper our growth and cause our revenue to decline. Any delays in staffing or inability to obtain proper resources for a project can result in project postponement, delays or cancellation, which could result in lost revenue and decreased profitability and have a material adverse effect on our business, revenue, profitability and utilization rates.

We also regularly transfer employees from our global subsidiaries, primarily those from India and Sri Lanka to the United States to work on projects and at client sites using the L-1 visa classification. The L-1 visa allows companies abroad to transfer certain managers, executives and employees with specialized company knowledge to related United

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States companies such as a parent, subsidiary, affiliate, joint venture, or branch office. We have an approved "Blanket L Program," under which the corporate relationships of our transferring and receiving entities have been pre-approved by the USCIS, thus enabling individual L-1 visa applications to be presented directly to a visa-issuing United States consular post abroad rather than undergoing the individual petition pre-approval process through USCIS in the United States. In recent years, both the United States consular posts that review initial L-1 applications and USCIS, which adjudicates individual petitions for initial grants and extensions of L-1 status, have become increasingly restrictive with respect to their interpretation of the regulations governing this category and all applications are subject to increased scrutiny. As a result, the rate of refusals of both individual and blanket L-1 petitions and of extensions has materially increased. In addition, even where L-1 visas are ultimately granted and issued, security measures undertaken by United States consular posts around the world have substantially delayed visa issuances as they are allowed the right to further scrutinize the visa and request additional supporting documentation. Any inability to bring, or delays in bringing, qualified technical personnel into the United States to staff on-site customer locations would have a material adverse effect on our client engagements, our business, results of operations and financial condition. Since 2010 U.S. immigration law has imposed enhanced filing fees on employers who are significantly dependent upon H-1(B) and L-1 visa holders. An employer whose overall count of full-time employee equivalents consists of 50% or more of individuals holding H-1(B) or L-1 visas are subject to an enhanced filing fee. That enhanced fee is $4,000 and $4,500 for each new H-1B or L-1 petition filed, respectively. While we closely monitor the visa makeup of our workforce in an attempt to minimize our exposure to such enhanced fees and when subject to them make efforts to recoup these costs either directly from our clients or indirectly through our billing rates, these enhanced fees, when applicable, have had a negative impact on our gross profit and overall cost of operations and may continue to do so. Further growth and increased demand for our services could make it increasingly difficult for us to avoid the payment of these fees, thus impacting our gross margins and overall profitability.

We also process immigrant visas for lawful permanent residence (green cards) in the United States for employees to fill positions for which there is an insufficient number of able, willing, and qualified United States workers available to fill the positions. Compliance with existing United States immigration and labor laws, or changes in those laws making it more difficult to hire foreign nationals or limiting our ability to successfully obtain permanent residence for our foreign employees in the United States, could require us to incur additional unexpected labor costs and expenses or could restrain our ability to retain the skilled professionals we need for our operations in the United States. Any of these restrictions or limitations on our hiring practices could have a material adverse effect on our business, results of operations and financial condition.

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To the extent we experience delays due to immigration restrictions or inability to have visas granted to offshore personnel whether due to the COVID-19 pandemic (as a result of global travel restrictions or suspended or reduced consular services at certain posts or otherwise), increased levels of scrutiny or otherwise, we may encounter client dissatisfaction, project and staffing delays in new and existing engagements, project cancellations, project losses, higher project costs and loss of revenue, resulting in decreases in profits and a material adverse effect on our business, results of operations, financial condition and cash flows.

Changes in U.S. immigration law may increase our cost of revenue and may substantially restrict or eliminate our ability to obtain visas to use offshore resources onsite, which could have a material adverse impact on our business, revenue, profitability and utilization rates.

The issue of companies outsourcing services to organizations operating in other countries is a topic of political discussion in many countries, including the United States, which is our largest market. The U.S. Congress regularly considers proposals that could make extensive changes to U.S. immigration laws regarding the admission of high-skilled temporary and permanent workers. Any such proposal, if enacted, or policy change, if implemented, may increase our cost of doing business in the United States and may discourage customers from seeking our services. Our international expansion strategy and our business, results of operations and financial condition may be materially adversely affected if changes in immigration and work permit laws and regulations or the administration or enforcement of such laws or regulations impair our ability to staff projects with professionals who are not citizens of the country where the work is to be performed.

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The potential risks and impact to our business if changes are made to immigration laws relating to use of H-1(B) and L-1 visas are approved could include:

- Reduced ability to bring in foreign workers on an L-1 or H-1(B) visa
- Increased scrutiny and requests for proof of eligibility on the use of L-1 and H-1(B) visas
- Higher costs, including wages and benefits, for H-1(B) and L-1 visa holders
- Elimination of our ability to pay the living expenses of an L-1 visa holder on a tax-free basis
- Increased oversight by the Department of Labor over issuance, use and administration of L-1 visas, as the Department of Labor currently only oversees H-1(B) visas

Even if we are able to apply for, or obtain, such visas, we could incur substantial delays and costs in processing any such requests and our costs of operations could materially rise, thus materially and negatively impacting our gross margins and our statement of income. Any inability to obtain, or extended delays in obtaining, these visas, or any delays or inability to hire resources for existing or future client projects could materially delay or prevent our commencement or fulfillment of client projects, which could hamper our growth and cause our revenue to decline.

In the EU, many countries continue to implement new regulations to move into compliance with the EU Directive of 2014 to harmonize immigration rules for intracompany transferees in most EU member states and to facilitate the transfer of managers, specialists and graduate trainees both into and within the region. The changes have had significant impacts on mobility programs and have led to new notification and documentation requirements for companies sending professionals to EU countries.

Recent changes or any additional adverse revisions to immigration laws and regulations in the jurisdictions in which we operate may cause us delays, staffing shortages, additional costs or an inability to bid for or fulfill projects for clients, any of which could have a material adverse effect on our business, results of operations and financial condition.

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Any such delays or inability to staff needed resources on client engagements may cause client dissatisfaction, project and staffing delays in new and existing engagements, project cancellations, higher project costs and loss of revenue, resulting in decreases in profits and a material adverse effect on our business, results of operations, financial condition and cash flows.

We could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies which could limit our access to cash in non-U.S. locations to fund our U.S. operations or otherwise make investments where needed.

In some countries, we could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies, which would limit our ability to use this cash across our global operations. This risk could increase as we continue our geographic expansion in emerging markets, which are more likely to impose these restrictions than more established markets. We therefore may not have ready access to cash in geographies where we need to make investments. For instance, at March 31, 2022, we had approximately $118.3 million of cash, cash equivalents, short term investments and long-term investments of which we hold approximately $82.1 million of cash, cash equivalents, short term investments and long-term investments in non-U.S. locations, particularly in India and the United Kingdom. Cash in these non-U.S. locations may not otherwise be available for servicing debt obligations, paying dividends, potential investment or use for operations in the United States or other geographies where needed, as we have stated that this cash is indefinitely reinvested in these non-U.S. locations. Moreover, even if we were to repatriate this cash back to the United States for use in U.S. investments, this cash could be subject to additional withholding taxes. Due to various methods by which cash could be repatriated to the United States in the future, the amount of taxes attributable to the cash is dependent on circumstances existing if and when remittance occurs. Due to the various methods by which such earnings could be repatriated in the future, it is not practicable to determine the amount of applicable taxes that would result from such repatriation. In addition, some countries could have tight restrictions on the movement and exchange of foreign currencies which could further limit our ability to use such funds for repayment of debt, payment of dividends, global operations or capital or other strategic

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investments. Our inability to access our cash where and when needed could impede our ability to service our debt obligations, pay dividends, make investments and support our operations.

Currency exchange rate fluctuations may materially and negatively affect our revenue, gross margin, operating margin, Adjusted EBITDA and cash flows.

The exchange rates among the Indian and Sri Lankan rupees and the U.S. dollar and the U.K. pound sterling, as well as the exchange rates between the U.S. dollar and the U.K. pound sterling, have changed substantially in prior periods and may continue to fluctuate substantially in the future. We expect that a majority of our revenue will continue to be generated in the U.S. dollar, U.K. pound sterling, Indian Rupee, the Australian dollar, the Canadian dollar and the Singapore dollar for the foreseeable future. Any appreciation of the U.S. dollar against the U.K. pound sterling, the euro, the Indian rupee, the Singapore dollar, the Canadian dollar and/or the Australian dollar will likely have a negative impact on our revenue, operating income and Adjusted EBITDA.

Our operating results may be adversely affected by our use of derivative financial instruments.

There is no guarantee that our financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by us to engage in currency hedging activities will be effective.

Although we have adopted a six-quarter cash flow hedging program to minimize the effect of any Indian rupee fluctuation on our financial condition, these hedges may not be effective or may cause us to forego certain potential benefits, especially given the volatility of the currency. If we are unable to accurately forecast our Indian-rupee denominated costs, we may lose our ability to qualify for hedge accounting. We cannot guarantee our ability to accurately forecast such expenses. Furthermore, we are exposed to foreign currency volatility related to other currencies including the Canadian dollar, the euro, the Singapore dollar, the Sri Lankan rupee, and the Australian dollar, which are either not hedged or not hedged in full. Any significant change as compared to the U.S. dollar could have a negative impact on our revenue, operating profit, and Adjusted EBITDA. Finally, as we continue to leverage our global delivery model, more of our expenses will be incurred in currencies other than those in which we bill for the related services. An increase in the value of these currencies, such as the Indian rupee or Sri Lankan rupee, against the U.S. dollar or U.K. pound sterling could increase costs for delivery of services at off-shore sites by increasing labor and other costs that are denominated in the respective local currency.

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Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violation of these regulations could harm our business.

We are subject to numerous, and sometimes conflicting, legal regimes on matters as diverse as anti-corruption, import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-competition, data privacy and protection, employment and labor relations. Some of these legal regimes are in emerging markets where legal systems may be less developed or familiar to us. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our clients also could result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws may not be well developed or provide sufficiently clear guidance and may be insufficient to protect our rights.

In particular, in many parts of the world, including countries in which we operate and/or seek to expand, it is possible that our employees, subcontractors or agents in the local business community might not conform to international business standards and could violate anti-corruption laws or regulations, including the UK Bribery Act of 2010 and the U.S. Foreign Corrupt Practices Act ("FCPA") which prohibit improper payments or offers of improper payments to foreign officials to obtain business or any other benefit. The FCPA also requires covered companies to make and keep books and records that accurately and fairly reflect the transactions of the company and to devise and maintain an adequate system of internal accounting controls. Although we have policies and procedures in place that are designed to promote legal and regulatory compliance, our employees, subcontractors and agents could take actions that violate these policies or

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procedures or applicable anti-corruption laws, regulations or standards. Violations of these laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about the actions leading to the violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, any of which could materially adversely affect our business, including our results of operations and our reputation.

We may be audited by software vendors from whom we license or use their software to train our resources or serve our clients, which may result in claims for infringement, violations of license provisions, or other damages.

From time to time, we are subject to audit by our vendors from whom we license and use software to confirm compliance with usage and deployment requirements. If, as a result of these audits or otherwise, vendors believe that we have committed usage or deployment violations, we may be required to purchase software from these vendors, and we may be subject to claims of infringement or wrongful usage which may result in legal liability to us, including damages, legal fees and expenses. In addition to legal liability and related expense of any litigation, which may include damages and the obligations to purchase software from such software vendor, we may be prevented from using the vendor's software in the future which may have a material and negative impact on our ability to service our customers, conduct training of our IT professionals and generally perform our services.

We may face liability if we breach our obligations related to the protection, security, nondisclosure of confidential client information or disclosure of sensitive data or failure to comply with data protection laws and regulations.

In the course of providing services to our clients, we may have access to confidential client information, including nonpublic personal data. We are bound by certain agreements to use and disclose this information in a manner consistent with the privacy standards under regulations applicable to our clients and are subject to numerous U.S. and foreign jurisdiction laws and regulations designed to protect this information, such as the General Data Protection Regulation ("GDPR"), the European Union-wide legal framework to govern data collection, use and sharing and related consumer privacy rights and various U.S. federal and state laws governing the protection of health or other individually identifiable information. If any person, including a team member of ours, misappropriates client confidential information, or if client confidential information is inappropriately disclosed due to a security breach of our computer systems, system failures or otherwise, or if a security breach occurs on a project on which we are engaged, we may have substantial liabilities to our clients or our clients' customers and may incur substantial liability and penalties in connection with any violation of applicable privacy laws and/or criminal prosecution. In addition, in the event of any breach or alleged breach of our confidentiality agreements with our clients, these clients may terminate their engagements with us or sue us for breach of contract, resulting in the associated loss of revenue and increased costs and damaged reputation. We may also be subject to civil or criminal liability if we are deemed to have violated applicable regulations. We cannot assure you that we will adequately address the risks created by the regulations to which we may be contractually obligated to abide.

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In addition, as a global service provider with customers in a broad range of industries, we often have access to or are required to manage, utilize, collect and store sensitive data subject to various regulatory regimes, including but not limited to U.S. federal and state laws governing the protection of personal financial and health data and the GDPR. Additionally, in India, the Personal Data Protection Bill, 2019 continues to make progress through the Indian Parliament. If enacted in its current form it would impose stringent obligations on the handling of personal data, including certain localization requirements for sensitive data. If unauthorized access to or disclosure of such data in our possession or control occurs or we otherwise fail to comply with applicable laws and regulations in this regard, we could be exposed to civil or criminal enforcement actions and penalties in connection with any violation of applicable data protection laws, as well as lawsuits brought by our customers, our customers' customers, their clients or others for breaching contractual confidentiality and security provisions or data protection laws. Laws and expectations relating to data protections continue to evolve in ways that may limit our access, use and disclosure of sensitive data, and may require increased expenditures by us or may dictate that we not offer certain types of services.

Further, many of our agreements with our clients do not include any limitation on our liability to them with respect to breaches of our obligation to keep the information we receive from them confidential. Although we have general liability insurance coverage, including coverage for errors or omissions, there can be no assurance that coverage will continue to be available on reasonable terms or will be sufficient in amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against us that exceed

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available insurance coverage or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, results of operations and financial condition.

Some of our client contracts contain restrictions or penalty provisions that, if triggered, could result in lower future revenue and decrease our profitability.

We have entered in the past, and may in the future enter, into contracts that contain restrictions or penalty provisions that, if triggered, may adversely affect our operating results. For instance, some of our client contracts provide that, during the term of the contract and for a certain period thereafter ranging from six to twelve months, we may not use the same personnel to provide similar services to any of the client's competitors. This restriction may hamper our ability to compete for and provide services to clients in the same industry. In addition, some contracts contain provisions that would require us to pay penalties or liquidated damages to our clients if we do not meet pre-agreed service level requirements. If any of the foregoing were to occur, our future revenue and profitability under these contracts could be materially harmed.

Our contractual limitations on liability with our clients and third parties may not be enforceable.

Under a majority of our agreements with our clients, our liability for breach of certain of our obligations is generally limited to actual damages suffered by the client and is typically capped at the greater of an agreed amount or the fees paid or payable to us for a period of time under the relevant agreement. These limitations and caps on liability may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients or liability for breaches of confidentiality, are generally not limited under those agreements. Our agreements are governed by laws of multiple jurisdictions, therefore the interpretation of such provisions, and the availability of defenses to us, may vary, which may contribute to the uncertainty as to the scope of our potential liability. In addition, many of our agreements with our clients do not include any limitation on our liability to them with respect to breaches of our obligation to keep the information we receive from them confidential.

If our risk management, business continuity and disaster recovery plans are not effective and our global delivery capabilities are impacted, our business and results of operations may be materially adversely affected and we may suffer harm to our reputation.

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Our business model is dependent on our global delivery capabilities, which include coordination between our delivery centers in India and Sri Lanka, our other global and regional delivery centers, the offices of our clients and our associates worldwide. System failures, outages and operational disruptions may be caused by factors outside of our control, such as hostilities, political unrest, terrorist attacks, natural disasters (including events that may be caused or exacerbated by climate change), and public health emergencies and pandemics, such as the COVID-19 pandemic, affecting the geographies where our people, equipment and clients are located. For example, we have substantial global delivery operations in Chennai, India, and Columbo, Sri Lanka, cities that have each experienced severe rains, flooding, or other natural disasters which have been linked to climate change. Our risk management, business continuity and disaster recovery plans may not be effective at predicting or mitigating the effects of such disruptions, particularly in the case of catastrophic events or longer term, increasingly severe developments that occur as a result of climate change. Any such disruption may result in lost revenues, a loss of clients and reputational damage, which would have an adverse effect on our business, results of operations and financial condition.

Our services may infringe on the intellectual property rights of others, which may subject us to legal liability, harm our reputation, prevent us from offering some services to our clients or distract management.

We cannot be sure that our services or the deliverables that we develop and create for our clients do not infringe on the intellectual property rights of third parties and infringement claims may be asserted against us or our clients. As the number of patents, copyrights and other intellectual property rights in our industry increase, we believe that companies in our industry will face more frequent infringement claims. These claims may harm our reputation, distract management, increase costs and prevent us from offering some services to our clients. Our success depends, in part, upon our ability to protect our proprietary methodologies, trade secrets and other intellectual property. We rely upon a combination of trade

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secrets, confidentiality policies, non-disclosure agreements, other contractual arrangements and copyright, patent, and trademark laws to protect our intellectual property rights. Further, the laws of India and Sri Lanka, areas in which we have a substantial presence, do not protect intellectual property rights to the same extent as those of the United States and we may be unsuccessful in protecting our intellectual property rights. Unauthorized use of our intellectual property rights may result in loss of clients and increased competition. Efforts to enforce our intellectual property rights can be extremely expensive, time consuming and unpredictable.

Historically, for work product we create for and the services provided to our clients, we have generally agreed to indemnify our clients for all expenses and liabilities resulting from infringement of intellectual property rights of third parties based on the deliverables and services that we have performed and provided to our clients. In some instances, the amount of these indemnities may be greater than the revenue we receive from the client. In addition, as a result of intellectual property litigation, we may be required to stop selling, incorporating or using products that use or incorporate the infringed intellectual property. We may be required to obtain a license or pay a royalty to make, sell or use the relevant technology from the owner of the infringed intellectual property. Such licenses or royalties may not be available on commercially reasonable terms, or at all. We may also be required to redesign our services or change our methodologies so as not to use the infringed intellectual property, which may not be technically or commercially feasible and may cause us to expend significant resources. Subject to certain limitations, under our indemnification obligations to our clients, we may also have to provide refunds to our clients to the extent that we must require them to cease using an infringing deliverable if we are unable to provide a work-around or acquire a license to permit use of the infringing deliverable that we had provided to them as part of a service engagement. If we are obligated to make any such refunds or dedicate time to provide alternatives or acquire a license to the infringing intellectual property, our business and financial condition could be materially adversely affected.

Negative public perception in the markets in which we sell services regarding offshore IT service providers and proposed anti-outsourcing legislation may adversely affect demand for our services.

We have based our growth strategy on certain assumptions regarding our industry, services and future demand in the market for such services. However, the trend to outsource IT services may not continue and could reverse. Offshore outsourcing is a politically sensitive topic in the United States and the United Kingdom. For example, recently many organizations and public figures in the United States and the United Kingdom have publicly expressed concern about a perceived association between offshore outsourcing providers and the loss of jobs in their home countries. In addition, there has been recent publicity about the negative experience of certain companies that use offshore outsourcing, particularly in India. Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends towards offshore outsourcing would seriously harm our ability to compete effectively with competitors that operate out of facilities located in the United States or the United Kingdom. Legislation in the United States or in certain European countries may be enacted that is intended to discourage or restrict outsourcing. Any changes to existing laws or the enactment of new legislation restricting offshore outsourcing in the United States or the United Kingdom may adversely affect our ability to do business in the United States or in the United Kingdom, particularly if these changes are widespread, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

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Our net income and cash flow may decrease if the governments of the United States, the United Kingdom, the Netherlands, India, Sri Lanka, Germany, Singapore, Sweden or Hungary adjust the amount of our taxable income by challenging our transfer pricing policies.

Our subsidiaries conduct intercompany transactions among themselves and with the U.S. parent company on an arm's-length basis in accordance with U.S. and local country transfer pricing regulations. The jurisdictions in which we operate could challenge our determination of arm's-length profit and issue tax assessments. Although the United States has income tax treaties with most countries in which we have operations, which should alleviate the risk of double taxation, the costs to appeal any such tax assessment and potential interest and penalties could decrease our earnings and cash flows.

The Indian taxing authorities issued assessment orders for the fiscal years ended March 31, 2004 to March 31, 2018 of our Indian subsidiary, Virtusa (India) Private Limited, now merged with and into our affiliate,

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Virtusa Consulting Services Private Limited and Virtusa Software Services Private Limited (referred to as "Virtusa India"). At issue in these assessments were several matters, the most significant of which was the redetermination of the arm's-length profit related to intercompany transactions. For fiscal years ended March 31, 2004 and 2005, we contested both assessments and also filed appeals with Indian tax authorities and U.S. competent authorities. While we have settled certain tax obligations for the fiscal years ended March 31, 2004 and 2005, we have appealed certain other tax related matters affecting our fiscal years ended March 31, 2004. Although we have successfully resolved some issues, we continue to appeal several other fiscal years' assessments with the Indian tax authorities. If we do not prevail in our appeals, we may incur an additional legal liability and obligations to pay additional interest, penalties and costs related to such matters and such amount may be material.

The UK tax authorities have contacted our U K subsidiary, Virtusa UK Limited, for the fiscal years ended March 31, 2014 through the current fiscal year. At issue is primarily the redetermination of the arm's-length profit related to intercompany transactions. We have agreed and settled certain tax obligations for the fiscal years ended March 31, 2014 through March 31, 2017 and are early in the process for fiscal years beyond March 31, 2017. Based upon the results of any redetermination for any years subsequent to March 31, 2017, we may incur an additional legal liability and obligations to pay additional interest and costs related to such matters and such amount may be material.

Our net income and cash flow may decrease if the governments of India or Sri Lanka levy new taxes or reduce or withdraw tax benefits and other incentives provided to us.

Virtusa India is an export-oriented company under the Indian Income-tax Act of 1961 and is entitled to claim tax exemption for each Software Technology Park ("STP"), which it operates. Virtusa India historically has operated STPs in Hyderabad and in Chennai. The income tax benefits of the STP in Hyderabad and Chennai expired on March 31, 2010 and 2011, respectively. Historically, however, substantially all of the earnings of both STPs qualified as tax-exempt export profits. Although we believe we have complied with and were eligible for the STP holidays, the government of India may deem us ineligible for the STP holiday or make adjustments to the profit level in previous tax years, subject to the applicable statute of limitations, which could result in additional legal liability, including obligations to pay additional taxes, penalties, interest and other costs arising out of such matter. For instance, the Indian taxing authorities issued an assessment order for the fiscal years ended March 31, 2007 against Virtusa India related to the denial of all STP benefits for our Chennai STP on the basis that the STP was formed by the splitting up or the reconstruction of our Hyderabad STP. This matter is currently pending before the High Court of Hyderabad.

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We have filed appeals with the appropriate Indian tax authorities to appeal other years. We may incur additional legal liability and obligations to pay additional interest, penalties and costs related to such matter. We have appealed such assessments but we can make no assurance that our appeals will be successful.

We have significant Indian operations in areas designated as an Special Economic Zone ("SEZ") under the SEZ Act of 2005. In particular, we have built a facility on a 6.3 acre parcel of land in Hyderabad, India within an area designated as SEZ. In addition, we have leased space and operate in SEZ designated locations in Bangalore, Pune and Chennai, India. In 2019, the government of India introduced a new tax regime for certain Indian companies by enacting the Taxation Laws (Amendment) Act, 2019. The new tax regime is optional and provides for a lower tax rate for Indian companies, subject to agreeing to certain conditions, which, among other things, include not taking advantage of benefits from any tax holidays associated with SEZs and certain other tax incentives. Once a company has opted into the new tax regime, it may not in the future opt out. We adopted the new ordinance for the fiscal year beginning April 1, 2019. The new rates require the surrendering of any tax holidays and other attributes of which the Company historically was taking advantage of and favorably impacting our tax rate. our election to opt into the new tax regime may materially increase our effective income tax rate. Similarly, if alternative minimum taxes are imposed by certain jurisdictions on otherwise exempt income, this may result in increases to our tax expense in future years. Additionally, the government of India may make adjustments to the transfer pricing profit levels resulting in an overall increase in our effective tax rate.

In addition, our Sri Lankan subsidiary, Virtusa Private Ltd. ("Virtusa SL"), was approved as an export computer software developer by the Sri Lanka Board of Investment ("BOI") in 1998 and has been granted a tax holiday. Virtusa SL has negotiated various extensions and new arrangements of the original holiday period in exchange for further capital investments in Sri Lanka facilities. The most recent 12-year tax holiday agreement, which expired on March 31, 2019, requires that we meet certain new job creation, retention and investment criteria. As of March 31, 2019, we believe we have met the job creation target. We have submitted the required details to BOI and are awaiting their confirmation. At

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March 31, 2019, we were eligible for the entire 12-year tax holiday. Further, the Sri Lankan Department of Inland Revenue has challenged the eligibility of the initial year of our granted tax holiday. This challenge was affirmed by the Tax Appeals Commission based on their judgment that we did not meet the required investment commitments. However, during the fiscal year ended March 31, 2015, we received notice from the BOI certifying the tax holiday for all previously claimed years, including the initial year under challenge. If any such tax assessment were ruled against us, such a ruling may materially harm our business, operating results, and financial results and materially reduce our profitability and cash flow.

Certain of our deductions in India may be disallowed, which may have a material impact on our financial statements and cash flow.

Virtusa India has claimed certain tax deductions and benefits of foreign tax credits under the Indian Income-tax Act of 1961 and has complied with tax deduction at source as required thereunder. While we believe such deductions and benefits are proper, certain of these benefits have been or could be denied by the Indian tax authority on assessment and it is possible that the tax authority or courts if appealed could disallow such deductions, which may have a material impact on our financial statements and cash flow.

Economic presence may be asserted in jurisdictions in which we are not registered, which may have a material impact on our financial statements and cash flow.

We endeavor to properly report measures of income tax and sales tax liability in all jurisdictions in which we are required by applicable law. However, it is possible that a jurisdiction could claim an economic presence in a jurisdiction in which we are not registered. This would require reporting of income or other taxes not previously reported, which may have a material impact on our financial statements and cash flow.

We actively evaluate acquisition opportunities, and future acquisitions may be difficult to integrate, and could divert the attention of key management personnel, materially disrupt our business and materially adversely affect our financial results, including impairment of goodwill and other intangible assets, if we are unable to realize the expected revenue and synergy growth or efficiencies from these acquisitions.

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For our recent acquisitions, as well as any future acquisitions, we may incur substantial risks, including:

- diversion of financial resources from existing operations, including the need for funding sources and cash to pay purchase price or future contingent earn-out obligations;
- inability to generate sufficient revenue or revenue synergies growth to offset transaction costs or to maintain previous forecasts regarding revenue growth and margins;
- underperformance of the acquired company as compared to our forecasts, resulting in lower utilization, lower gross margins and operating margins, higher operating costs and lower profits from our previous forecasts;
- difficulties in integrating operations, technologies, accounting and personnel;
- difficulties in supporting and transitioning clients of our acquired companies or strategic partners;
- potential loss of key team members;
- assumption of responsibilities and obligations of the acquired business pursuant to the terms and conditions of services agreements that are not consistent with the terms and conditions that we typically accept and require; and
- unknown liabilities or liabilities for which indemnification may or may not apply and difficulties of recovering any indemnifiable losses.

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Our global nature of operations could also make it difficult for us to efficiently integrate acquired businesses or technologies into our ongoing operations and assimilate employees of those businesses into our culture and operations. Accordingly, we might fail to realize the expected benefits or strategic objectives of any acquisition we undertake. Acquisitions also frequently result in the recording of goodwill and other intangible assets that are subject to potential impairments in the future that could harm our financial results. If we fail to successfully integrate acquired companies or any company or assets that we acquire fails to maintain their value, or if any existing or future acquired companies or assets materially fail to perform in a manner consistent with our valuations or forecasts, we may suffer an impairment of our assets, resulting in an immediate charge to our consolidated statement of income. Any such failure to integrate an acquired company, or any impairment of intangible assets or goodwill of any such acquired company or assets could have a material adverse impact on our consolidated balance sheet and consolidated statements of income.

Risks Related to Our Indebtedness and our Senior Notes

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes.

As of March 31, 2022, we and our subsidiaries have approximately $1,614 million aggregate principal amount of debt outstanding, and $125 million of unutilized borrowing capacity (less outstanding letters of credit, if any) under the revolving credit facility ("Revolving Credit Facility"). Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. The substantial indebtedness of us and our subsidiaries could have important consequences to the holders of the notes, including:

- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for other purposes;
- our ability to satisfy our obligations with respect to the notes may be adversely affected;
- our ability to make loans and investments or engage in acquisitions without issuing additional equity or obtaining additional debt financing may be impaired in the future;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or general corporate purposes may be impaired in the future;
- our flexibility may be limited in planning for, or reacting to, changes or challenges relating to the business we conduct;
- we may be more vulnerable to general adverse economic and industry conditions;
- we may be at a competitive disadvantage compared to our competitors who have less debt or comparable debt at more favorable interest rates and who, as a result, may be better positioned to withstand economic downturns or to finance capital expenditures or acquisitions;
- our costs of borrowing may increase; and
- we may be unable to refinance our debt on terms as favorable as our existing debt or at all.

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The occurrence of any one of these events could have an adverse effect on our business, financial condition, results of operations and ability to satisfy our obligations under our indebtedness, including our ability to make payments on the notes. We may not be able to access capital on acceptable terms, raise additional capital in the future, or make effective capital allocation decisions, which could result in our inability to achieve operational objectives. Any disruption in access to capital could require us to take measures to conserve cash until alternative credit arrangements or other funding for business needs can be arranged. Such measures could include deferring capital expenditures, acquisitions or other discretionary uses of cash, or revising capital allocation decisions.

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Despite our indebtedness level, we and our subsidiaries may be able to incur substantially more debt, including secured debt. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions that are contained in our Credit Facility and our outstanding Senior Notes. Any secured indebtedness permitted under the Credit Facility and the Senior Notes would be effectively senior to the notes to the extent of the value of the assets and properties securing such indebtedness, and if issued by our subsidiaries, structurally senior. If new debt is added to our or our subsidiaries' current debt levels, the related risks that we now face would increase, and we may not be able to meet all our debt obligations, including the repayment of the notes.

The agreements and instruments governing our debt contain restrictions and limitations that could significantly impact our management's flexibility and our financial and operational flexibility to operate our business and could adversely affect the holders of the notes.

The Credit Agreement governing our Credit Facility contains covenants that, among other things, restrict our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or our other indebtedness;
- make investments, loans and acquisitions (including joint ventures);
- create restrictions on (i) the payment of dividends or other amounts to the issuers from their respective restricted subsidiaries that are not guarantors and (ii) the ability of Virtusa, its parent and the subsidiary guarantors to incur liens on property for the benefit of the lenders under our senior secured credit facilities ("Senior Secured Credit Facilities");
- engage in certain transactions with our affiliates;
- sell, transfer or otherwise dispose of assets, including capital stock of our subsidiaries;
- enter into sale and leaseback transactions;
- materially alter the business we conduct;
- engage in mergers or consolidations;
- create or incur liens;
- prepay, redeem or repurchase any subordinated debt;
- designate the issuers' subsidiaries as unrestricted subsidiaries; and
- change the passive holding company status of certain parent companies of Virtusa.

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In addition, with respect to the Revolving Credit Facility, the documentation governing our Credit Facility requires us to maintain, as of the last day of each four fiscal quarter period, a maximum consolidated first lien net leverage ratio only if, as of the last day of any fiscal quarter, revolving loans under the Revolving Credit Facility (excluding undrawn letters of credit up to $15.0 million and other letters of credit that have been cash-collateralized or otherwise backstopped) are outstanding in an aggregate amount greater than 35% of the total commitments under the Revolving Credit Facility at such time. The financial maintenance covenant is subject to customary equity cure rights and may be amended or waived with the consent of the lenders holding a majority of the commitments under the Revolving Credit Facility. Our Credit

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Facility also contains certain customary affirmative covenants, negative covenants and events of default, including upon a change of control.

The terms described above with respect to our Senior Secured Credit Facilities are subject to a number of customary conditions for transactions of this type. To the extent that any of the conditions with respect to such indebtedness are not satisfied, such indebtedness may not be available on the terms described herein or at all.

The 2028 Senior Notes indenture contains restrictive covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness and guarantee indebtedness and issue certain disqualified stock or preferred stock;
- pay dividends on capital stock or redeem, repurchase or retire our capital stock;
- make investments, loans and acquisitions (including joint ventures);
- create restrictions on the payment of dividends or other amounts to the issuers from their respective restricted subsidiaries that are not guarantors;
- engage in certain transactions with our affiliates;
- sell, transfer or otherwise dispose of assets, including capital stock of our subsidiaries;
- engage in mergers, consolidations or sell all or substantially all of our assets;
- create or incur liens;
- prepay, redeem or repurchase any subordinated debt; and
- designate the issuers' subsidiaries as unrestricted subsidiaries.

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These restrictions may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility.

Our ability to comply with the covenants and restrictions contained in the Senior Secured Credit Facilities and the 2028 Senior Notes indenture may be affected by economic, financial and industry conditions beyond our control. The breach of any of these covenants or restrictions could result in a default under the Senior Secured Credit Facilities and the 2028 Senior Notes indenture that would permit the applicable lenders or noteholders, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In addition, such a default or acceleration may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. If we are unable to repay debt, lenders having secured obligations under our Senior Secured Credit Facilities could proceed against the collateral securing the debt. In any such case, we may be unable to borrow under our Credit Facility and may not be able to repay the amounts due under our Senior Secured Credit Facilities or the indenture. This could have serious consequences to our financial condition and results of operations and could cause us to become bankrupt or insolvent.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our Credit Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness,

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will correspondingly decrease. Any future interest rate swaps may not fully mitigate our interest rate risk or, as with any hedging arrangement, may create additional risks.

If we default in our obligations under the instruments governing our indebtedness, we may not be able to make payments on the notes.

A failure by us to comply with the agreements governing our indebtedness including, without limitation, our Senior Secured Credit Facilities, the notes and our other contractual obligations (including restrictive, financial and other covenants included therein), to pay our indebtedness and fixed costs or to post collateral (including under hedging arrangements) could result in a variety of material adverse consequences, including a default under our indebtedness and the exercise of remedies by our creditors, lessors and other contracting parties, and such defaults could trigger additional defaults under other indebtedness or agreements.

Any such default under the agreements governing our existing or future indebtedness and the remedies sought by the holders of such indebtedness could make us unable to make payments to pay principal of, or premium, if any, and interest on the notes, substantially decrease the market value of the notes and result in a cross-default under the notes. In the event of a default under our Senior Secured Credit Facilities or in respect of other indebtedness, the holders of such indebtedness may be able to cause all of our available cash flow to be used to pay such indebtedness (subject to any applicable intercreditor agreement), may be able to terminate outstanding credit commitments and/or may be able to cease making loans to us and, in any event, could elect to declare all of the funds borrowed under the applicable agreement to be immediately due and payable, together with accrued and unpaid interest, and we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may need to seek waivers from the holders of our indebtedness to avoid being in default under the instruments governing such indebtedness. If we breach our covenants under our indebtedness, we may not be able to obtain a waiver from the holders of such indebtedness on terms acceptable to us or at all. If this occurs, we would be in default under such indebtedness, the holders of such indebtedness and other lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

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Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. The ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our Credit Facility restricts our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

A downgrade to our corporate credit rating or the credit ratings of the Senior Secured Credit Facilities or the notes may adversely affect our borrowing costs and financial flexibility.

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If our credit ratings were downgraded, or if rating agencies indicate that a downgrade may occur, our financial position and results of operations could be adversely affected, and perceptions of our financial strength could be damaged. Such a reduction in credit ratings could also adversely affect our liquidity and competitive position, increase incremental borrowing costs, limit access to the capital markets, or decrease the number of investors, clients and counterparties willing or permitted to do business with or lend to us, thereby curtailing business operations.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of our operations should be read together with our consolidated financial statements and related notes to consolidated financial statements included elsewhere in this Annual Report. The following discussion contains forward-looking statements. Actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Annual Report.

For a discussion of our results of operations for the fiscal year ended March 31, 2021, including a year-to-year comparison between fiscal year ended March 31, 2021 and March 31, 2020 refer to Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report for the fiscal year ended March 31, 2021.

Business Overview

Virtusa Corporation (the "Company", "Virtusa", "we", "us" or "our") is a global provider of digital engineering and IT outsourcing services that accelerate business outcomes for our clients. We support Global 2000 clients across key industries including banking, financial services, insurance, healthcare, communications, technology, and media and entertainment. We help improve business performance through accelerating revenue growth, delivering compelling consumer experiences, improving operational efficiencies, and lowering overall IT costs. We provide services across the entire spectrum of the IT services lifecycle, from consulting, to technology and UX design, development of IT applications, systems integration, digital engineering, testing and business assurance, and maintenance and support services, including cloud, infrastructure and managed services. We help our clients solve critical business problems by leveraging a combination of our distinctive consulting approach, end-to-end digital engineering capabilities, unique platforming methodology, and deep domain and technology expertise.

Our services enable our clients to accelerate business outcomes by consolidating, rationalizing and modernizing their core customer facing processes into one or more core systems. We support the chief executive officers at our client organizations, including the CIOs, chief technology officers, COOs, and chief digital/ marketing officers in solving their most critical issues, including reducing total cost of ownership, accelerating time-to-market, increasing productivity, improving innovation velocity, expanding into adjacent markets and/or new revenue segments, and enhancing the customer experience delivered by their organizations. We help organizations realize the benefits of DT and CT by bringing together digital infrastructure, analytics and intelligence and customer experience by engineering the digital enterprise of tomorrow on the cloud. We deliver cost effective solutions through a global delivery model, applying advanced methods such as Agile, an industry standard technique designed to accelerate application development. We also use our DTS, which was built by our engineering teams leveraging decades of industry knowledge and experience and our industry leading tools and assets. DTS engineering tools drive software development lifecycle automation to improve quality, enable speed and increase productivity.

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Headquartered in Massachusetts, we have offices throughout the Americas, Europe, the Middle East and Asia, with large global delivery centers in the United States, India and Sri Lanka. We also service our clients onsite at their offices or virtually, which offers flexibility for both clients and employees. At March 31, 2022, we had 31,143 employees, or team members.

High repeat business and client concentration are common in our industry. During the fiscal years ended March 31, 2022 and 2021, 97% of our revenue was derived from clients who had been using our services for more than one year. Accordingly, our global account management and service delivery teams focus on expanding client relationships and converting new engagements to long-term relationships to generate repeat revenue and expand revenue streams from existing clients. We also have a dedicated business development team focused on generating engagements with new clients to continue to expand our client base and, over time, reduce client concentration.

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Merger with Austin HoldCo Inc., an Entity Wholly-owned by Funds Affiliated with Baring Private Equity Asia

On September 9, 2020, Virtusa Corporation entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Austin HoldCo Inc. ("Parent"), a corporation organized under the laws of Delaware and an entity wholly-owned by funds affiliated with Baring Private Equity Asia, an investment firm principally managed and headquartered in Hong Kong and Singapore ("BPEA"); and Austin Bidco Inc. ("Sub"), a corporation organized under the laws of Delaware and a wholly-owned subsidiary of Parent, formed in connection with the acquisition of the Company by Parent for $51.35 in cash for each share of Virtusa common stock ("BPEA Transaction"). On February 11, 2021 ("Closing Date"), pursuant to the terms and conditions of the Merger Agreement, the BPEA Transaction was closed and the Company completed the merger with Sub. Pursuant to the Merger Agreement, in connection with the closing of BPEA Transaction, Sub was merged with and into Virtusa Corporation with Virtusa Corporation being the surviving entity as a wholly-owned subsidiary of Parent.

Parent is a holding company formed by funds affiliated with BPEA for the purpose of purchasing Virtusa Corporation and its subsidiaries.

The BPEA Transaction was accounted for as a business combination under GAAP and resulted in a change in accounting basis as of the date of the BPEA Transaction. As a result of the application of the acquisition method of accounting, our consolidated financial statements and certain presentations for the fiscal year ended March 31, 2021 are separated into two distinct periods to indicate the different ownership and accounting basis between the periods presented: (i) the period before the consummation of the BPEA Transaction, which includes the period from April 1, 2020 to February 10, 2021 ("2021 Predecessor Period"), and (ii) the period on and after the consummation of the BPEA Transaction, from February 11, 2021 to March 31, 2021 ("2021 Successor Period") and the fiscal year ended March 31, 2022 ("2022 Successor Period").

Successor and Predecessor Combined Period Compared to the Fiscal Year Ended March 31, 2022

We believe reviewing our operating results for the fiscal year ended March 31, 2021 by combining the results of the 2021 Predecessor Period and 2021 Successor Period is more useful in discussing our overall operating performance when compared to the 2022 Successor Period.

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The combined results for the fiscal year ended March 31, 2021, which we refer to herein as the results for the "fiscal year ended March 31, 2021" represent the sum of the reported amounts for the 2021 Predecessor Period and the 2021 Successor Period. These combined results are not considered to be prepared in accordance with GAAP and have not been prepared as pro forma results per applicable regulations.

Debt and Recent Developments

On February 11, 2021, in connection with the BPEA Transaction, the Company entered into a credit agreement (the "Credit Agreement"), for senior secured credit facility ("Senior Credit Facility") consisting of $600.0 million in first lien term loan ("Term Loan") and a $125.0 million revolving credit facility ("Revolver", together with the Term Loan, "Credit Facility") with Bank of America, N.A., and other lenders. The Term Loan has a maturity of 7 years from the Closing Date, with a 1.0% per annum amortization schedule. Interest under the Term Loan accrues at a rate per annum of LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA. In addition, at any time prior to August 11, 2021, the Company had the right to refinance or reprice the Term Loan provided that the Company pays a premium of 1.00% of the aggregate principal amount of the Term Loans outstanding immediately prior to such refinancing or repricing to the existing lenders. The Revolver has a maturity of five years from the Closing Date. Interest under the Revolver accrues at a rate per annum of LIBOR with a 0.0% floor plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA.

On September 28, 2021, the Company entered into an Amendment No. 1 to the Credit Agreement with Bank of America N.A., and other lenders. The amendment reduces the interest rate under the Term loan from LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA to a LIBOR with a floor of 0.75% plus a flat rate of 3.75%, and reduces the interest rate under Revolver from LIBOR with a 0.0% floor plus 4.25%,

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subject to a step-down based on the Company's ratio of debt to EBITDA to LIBOR with a 0.0% floor plus a flat rate of 3.75%. No other terms of the Credit Facility were modified.

Additionally, in connection with the BPEA Transaction, on December 17, 2020, the Company issued to qualified institutional buyers $300.0 million in senior unsecured notes, which mature on December 15, 2028 ("Senior Notes"). Interest under the Senior Notes accrues at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2021. The Company has the option to redeem all or a portion of the Senior Notes at any time on or after December 15, 2023 at the redemption prices set forth under the terms and conditions of the Senior Notes. In addition, at any time prior to December 15, 2023, the Company may redeem all or a portion of the Senior Notes at a price equal to 100.0% of the principal amount of such Senior Notes plus accrued and unpaid interest and a make-whole premium under the terms and conditions of the Senior Notes. The Company may also, at any time prior to December 15, 2023, redeem up to 40.0% of the aggregate principal amount of the notes with an amount equal to the net proceeds of certain equity offerings at the redemption price set forth under the terms and conditions of the Senior Notes plus accrued and unpaid interest to the redemption date.

On February 15, 2022, we entered into an Amendment No. 2 to the Credit Agreement to borrow an additional $670.0 million and permit an increase in our dividend or distribution capacity by $50.0 million. Interest under Amendment No. 2 accrues at a rate per annum of SOFR with a floor rate of 0.75% plus a flat rate of 3.75%.

On February 15 ,2022, we issued additional Senior Notes worth $50.0 million, and these Senior Notes mature on December 15, 2028. Interest under the existing and additional notes accrue at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year.

The proceeds of Amendment No.2 of the Credit Agreement, additional Senior Notes, and operating cash were used to fund a return on capital to our shareholders and to pay fees and expenses in connection with the offering and amendment to the Credit Agreement and Senior Notes. We have paid $746.3 million as a return of capital to BPEA.

Recent Management Changes

In May 2021, Denise Warren was appointed to the Virtusa board of directors and as chairperson of the Company's audit committee. Ms. Warren retired from her position as Chief Operating Officer (COO) of WakeMed Health & Hospitals in December 2020. She currently serves on the boards of Brookdale Senior Living, Computer Programs & Systems, Inc., Straive and Newport Healthcare.

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In June 2021, Virtusa's board of directors appointed Santosh Thomas, formerly President of Global Growth Markets at Cognizant with more than 20 years of leadership and industry experience, as Chief Executive Officer (CEO) of Virtusa as successor to the company's founder, Kris Canekeratne, who announced his transition from the business in May 2021.

In October 2021, Amit Bajoria was appointed as Virtusa's new Chief Financial Officer (CFO), replacing Virtusa's former CFO, Ranjan Kalia who had previously resigned. In addition, Ram Meenakshisundaram was appointed as Virtusa's Chief Technology Officer (CTO), a new role within Virtusa to lead lines of service including technology strategy and solutions, building digital competencies and capabilities, and working with Virtusa's alliance group to enable partner solutions. In addition, Keith Modder, Chief Operating Officer, resigned from Virtusa effective March 15, 2022, to pursue other opportunities and at the time, Samir Dhir, CEO-Global Markets and Industries assumed Keith Modder's markets role.

In December 2021, Ramaswamy Pathioor Varadarajan was appointed as Virtusa's new Chief Information Officer. Mr. Varadarajan has 28 years of experience in the IT industry as a digital transformation leader, having most recently served as the Senior Vice President and Head, Enterprise Application and Digital Transformation at HCL Technologies Limited. In his new role at Virtusa, Mr. Varadarajan will lead the IT driven business transformation.

In January 2022, Rajeev (Raj) Mehta was appointed as Virtusa's new chairman of the board of directors. Previously, Mr. Mehta held several leadership positions, including a lauded tenure as President of Cognizant, where he spearheaded major business units and integrated more than 50 acquisitions across geographies and industries during his 22 years with the company.

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In March 2022 Samir Dhir, CEO-Global Markets and Industries, resigned from Virtusa effective March 31, 2022, to pursue other opportunities. Santosh Thomas, CEO, is currently assuming Mr. Dhir's role on an interim basis.

COVID-19 and Factors Impacting Our Business and Operating Results

During our fiscal years 2021 and 2022, the global pandemic related to COVID-19 presented significant challenges and adversely impacted our business and operating results. The duration and continued global consequences of the COVID-19 pandemic, and the extent to which it will continue to impact our business and operating results, remain subject to significant uncertainty. We are a global company, and the risks brought by COVID-19 remain particularly high in certain geographies in which we operate, such as in India and other Asia-based geographies. Accordingly, current results and financial condition discussed herein may not be indicative of future operating results and trends. Refer to "Risk Factors" for further discussion of the impact of the COVID-19 pandemic on our business.

In response to the COVID-19 pandemic, in fiscal year 2021, we quickly initiated a rigorous plan to protect the health and safety of our global team members, while continuing to serve clients in a safe and sustainable manner. As the world faces unprecedented challenges caused by COVID-19, Virtusa remains committed to doing everything possible to help our team members and clients manage through these turbulent times. Our actions in fiscal year 2021 included:

- We enacted a work-from-home policy starting March 9, 2020. Today, our polices enable all our global billable team members to work from home;

- We conducted regular weekly meetings by our COVID-19 Task Force to coordinate our ongoing response to the pandemic and develop initiatives focused on safety protocols for personnel and facilities, team member support, technology enablement, productivity and communications with clients to manage the crisis;

- We proactively launched a series of new services and solutions tailored to help clients address the challenges created by COVID-19, including Hyper-Distributed Agile Services, Agile Squads and Release Assurance; and

- We implemented a comprehensive cost reduction and efficiency plan across delivery, shared services and professional services.

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For the fiscal year ending March 31, 2023, we expect the following factors, among others, to affect our business and our operating results:

- Demand from our clients, particularly for our DT and CT solutions and outsourcing services;

- Demand from our clients for solutions and services that drive cost efficiencies including CT, intelligent automation, and offshoring development;

- Our ability to leverage our deep domain expertise to provide digital transformational solutions across our industry groups;

- Discretionary spending by our clients potentially being negatively affected by COVID-19 and related macroeconomic factors;

- Uncertainty regarding regulatory changes, including potential regulatory changes with respect to immigration and taxes;

- Increases in wages and other costs, including as a result of attrition

- Foreign currency volatility; and

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- The impact of the COVID-19 pandemic and related economic conditions on our business and operations, especially within countries such as India and Sri Lanka.

Our work-form-home policy and global delivery model enables our team members to deliver our services from remote locations. Economic conditions resulting from the pandemic, including supply chain disruptions, high inflation, and voluntary attrition rates could negatively affect our operations and the operations of our clients.

The Company does not have any operations, infrastructure, or employees in the Ukraine; there is currently no anticipated impact to our operations, or the operations of our clients and employee welfare. We continue to monitor the ongoing Russia-Ukraine crisis, educate our employees about the cybersecurity implications, and stress the need to be vigilant as they perform their day-to-day activities.

Human Capital

At March 31, 2022, we had 31,143 employees, or team members. Our human capital development framework is aligned to our ability to hire, retain and grow which allows us to invest in the development of our team members in a focused manner, while keeping our team members culturally anchored to our core values. We are able to accomplish this by focusing our people management strategy on six key components: recruiting, performance management, training and development, employee engagement and communication, as well as compensation and retention. The principal purposes of our cash incentive plans are to attract, retain and reward personnel through the issuing of cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives. We measure our team members performance by certain key performance areas, their self-development, their teamwork and their impact on our overall organization.

Financial Overview

For the fiscal year ended March 31, 2022, we had revenue of $1,601.0 million, and income from operations of $147.7 million. In our fiscal year ended March 31, 2022, our revenue increased by $296.1 million, or 22.7%, to $1,601.0 million, as compared to $1,305.0 million in our fiscal year ended March 31, 2021. Our net income increased from a net loss of $97.1 million in our fiscal year ended March 31, 2021 to a net income of $55.2 million in our fiscal year ended March 31, 2022.

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The key drivers of the increase in revenue in our fiscal year ended March 31, 2022, as compared to our fiscal year ended March 31, 2021, were as follows:

- Increase in revenue was broad based growth, particularly from our banking and financial services ("BFS") and healthcare industry groups
- Increase in revenue from Europe, primarily driven from our largest telecommunication client and certain banking clients
- Increase in growth of revenue from both our top 10 and non-top 10 clients
- General improvement in business conditions and client demand as compared to a year ago, which was adversely impacted by the COVID-19 pandemic, due to business interruptions and project delays, as well as elongated client decision making cycles

The key drivers of increase in net income in our fiscal year ended March 31, 2022, as compared to our fiscal year ended March 31, 2021, were as follows:

- Increase in revenue, primarily arising from broad-based revenue growth across all of our industry groups and geographies, particularly in our BFS and healthcare industry groups
- Decrease in legal, banking and advisory professional service fees previously incurred in connection with the proxy solicitation contest initiated by New Mountain Vantage Advisers LLC as well as the BPEA

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Transaction

- Decrease in cash compensation related to acceleration and payment of outstanding unvested equity awards in connection with the BPEA Transaction
- Increase in rates, improvement in offshore mix and operating leverage
- Substantial increase in foreign currency transaction gains primarily related to the revaluation of Sri Lankan rupee denominated intercompany balances and revaluation of Indian rupee denominated intercompany note, primarily due to the depreciation of Sri Lankan rupee and Indian rupee against the U.S. dollar during the fiscal year ended March 31, 2022.

partially offset by:

- Increase in our subcontractor costs
- Increase in amortization of intangible assets related to BPEA Transaction
- Management fees incurred in connection with the management services agreement with BPEA
- Increase in interest expense related to an increase in our outstanding debt under our Credit Facility
- Increase in income tax expense during the fiscal year ended March 31, 2022

For the fiscal years ended March 31, 2022 and March 31, 2021, we generated 58% and 56%, respectively, of revenue from application outsourcing and 42% and 44%, respectively, of revenue from consulting services. We perform our services under both time-and-materials and fixed-price contracts. Revenue from fixed-price contracts was 48% and 46%, respectively, of total revenue for the fiscal years ended March 31, 2022 and March 31, 2021. The revenue earned from fixed-price contracts reflect our clients' preferences. For fiscal years ended March 31, 2022 and March 31, 2021, revenue from our digital and non-digital business was 69% and 31%, respectively, and 63% and 37%, respectively.

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As an IT services company, our revenue growth has been, and will continue to be, highly dependent on our ability to attract, develop, motivate and retain skilled IT professionals. For the fiscal year ended March 31, 2022, we finished the fiscal year with a total headcount of 31,143 as compared with a total headcount of 24,736 for the fiscal year ended March 31, 2021, which reflects voluntary and involuntary attrition. There is intense competition for IT professionals with the skills necessary to provide the type of services we offer. We closely monitor our overall attrition rates and patterns to ensure our people management strategy aligns with our growth objectives. For the fiscal year ended March 31, 2022 and 2021, our voluntary attrition rates were 23.1% and 13.8%, respectively. The majority of our attrition occurs in India and Sri Lanka and is weighted towards the more junior members of our staff. Competition for skilled IT professionals in the current labor market is intense, and we experienced higher voluntary attrition during fiscal year ended March 31, 2022. The COVID-19 pandemic has created a socioeconomic change industry-wide, reflecting unprecedented attrition. In response to higher attrition and as part of our retention strategies, we have experienced increases in compensation and benefit costs, which may continue in the future. However, we try to absorb such cost increases through price increases or cost management strategies such as managing discretionary costs, the mix of professional staff, utilization levels and achieving other operating efficiencies. If our attrition rate increases or is sustained at higher levels, our growth may slow and our cost of attracting and retaining IT professionals could increase.

We monitor a number of operating metrics to assess our earnings, including:

- *Days sales outstanding ("DSO")* is a measure of the number of days our accounts receivable are outstanding based upon the last 90 days of revenue activity, which indicates the timeliness of our cash collection from clients and our overall credit terms to our clients. Our DSO was 67 days for fiscal years ended on March 31, 2022 and 2021.

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- *Realized billing rates* are the rates we charge our clients for our services, which reflect the value our clients place on our services, market competition and the geographic location in which we perform our services. Our realized billing rates have remained relatively consistent subject to foreign currency exchange fluctuation for our fiscal year ended March 31, 2022 as compared to our fiscal year ended March 31, 2021. Any increase in realized billing rates is a result of our ability to successfully preserve or increase our billing rates with existing and/or new clients.

- *Average cost per IT professional* is the sum of team member salaries, including variable compensation, and fringe benefits, divided by the average number of IT professionals during the period. We experienced an increase in our average cost per IT professional in our fiscal year ended March 31, 2022 as compared to our fiscal year ended March 31, 2021, primarily on account of reinstated base and variable compensation as well as annual increases in line with our retention strategies.

- *Utilization rate* indicates the efficiency of our billable IT resources. Our utilization rate is defined as the number of billable hours in a given period divided by the total number of available hours of our IT professionals in a given period, excluding trainees. We track our utilization rates to measure revenue potential and gross profit margins. Management's target for the utilization rate is in the low 80% range with potential to increase into the mid 80% range over time. Our utilization rates were 80.4% and 80.2% for the fiscal years ended March 31, 2022 and March 31, 2021, respectively. The utilization rate is affected by the rate of quarterly sequential revenue growth, as well as ability to staff existing IT professionals on billable engagements. In growth periods, utilization tends to rise as more resources are deployed to meet rising demand. Utilization rates above the targeted range may also indicate that there are insufficient IT professionals to staff existing or future engagements, which may result in loss of revenue or inability to service client engagements.

- *Attrition rate* is the ratio of terminated team members during the latest twelve months to the total number of team members at the end of such period, which measures team member turnover. Increased attrition rates result in increased hiring, training and on-boarding costs and productivity losses, which may adversely affect our revenue, gross margin and operating profit margin. For the last twelve months of fiscal year ended March 31, 2022, our attrition rate was 28.1%, which reflects voluntary attrition of 23.1% and involuntary attrition of 5.0%. Our attrition rate for the fiscal year ended March 31, 2021 was 20.4%, which reflects voluntary attrition of 13.8% and involuntary attrition of 6.6%. The COVID-19 pandemic has created a socioeconomic change industry-wide, reflecting unprecedented attrition.

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- *Operating expense efficiency* is a measure of operating expenses as a percentage of revenue. If we continue to successfully grow our revenue, we anticipate that operating expenses will decrease as a percentage of revenue as such expenses are absorbed across a larger revenue base. In the near term, however, any operating expense efficiency may decline if our revenue declines.

- *Effective tax rate* is our worldwide tax expense as a percentage of our consolidated net income before tax, which measures the impact of income taxes worldwide on our operations and net income. We monitor and assess our effective tax rate to evaluate whether our tax structure is competitive as compared to our industry. Our effective tax rate was 36.9% and (10.4)% for the fiscal years ended March 31, 2022 and 2021, respectively. Our effective tax rate increase is primarily due to results of operations partially offset by certain transaction related costs not deductible for tax as well as discrete benefits requiring recognition during the period. Increases in our effective tax rate or a high effective tax rate will also have a negative effect on our earnings in future periods.

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- *Onsite-to-offshore mix* is the measurement of hours billed by resources located offshore to hours billed by our team members onsite over a defined period. We strive to manage both fixed-price contracts and time-and-materials engagements to a targeted 25% to 75% onsite- to-offshore service delivery team mix, although such delivery mix may be impacted by several factors including our new and existing client delivery requirements as well as the impact of any acquisitions.

Sources of Revenue

We generate revenue by providing IT services to our clients located primarily in North America and Europe. We have historically earned, and we believe that over the next few fiscal years we will continue to earn, a significant portion of our revenue from a limited number of clients. For the fiscal year ended March 31, 2022, collectively, our five largest and ten largest clients accounted for 39% and 54% of our revenue, respectively. Our largest client accounted for 17.2% of our revenue for the fiscal year ended March 31, 2022. The loss of any one of our major clients could reduce our revenue and operating profit and harm our reputation in the industry. During the fiscal year ended March 31, 2022, 72% of our revenue was generated in North America, 19% in Europe and 9% in rest of the world. We provide IT services on either a time-and-materials or a fixed-price basis. For the fiscal year ended March 31, 2022, the percentage of revenue from time-and-materials and fixed-price contracts was 52% and 48%, respectively.

Our North America revenue for the fiscal year ended March 31, 2022, increased by 19.4%, or $186.7 million, to $1,147.6 million, or 72% of total revenue, from $960.9 million, or 74% of total revenue in the fiscal year ended March 31, 2021. The increase in North America revenue for the fiscal year ended March 31, 2022 was primarily due to an increase in revenue from clients in all industry groups, particularly BFS and healthcare. Our European revenue for the fiscal year ended March 31, 2022 increased by 34.3%, or $77.3 million, to $302.9 million, or 19% of total revenue, from $225.6 million, or 17% of total revenue in the fiscal year ended March 31, 2021. The increase in European revenue for the fiscal year ended March 31, 2022, was primarily due to an increase in revenue from one of our large telecommunication and banking clients.

Revenue from services provided on a time-and-materials basis is derived from the number of billable hours in a period multiplied by the contractual rates at which we bill our clients. Revenue from services provided on a fixed-price basis is recognized as efforts are expended generally on an input method. Revenue also includes reimbursements of travel and out-of-pocket expenses with equivalent amounts of expense recorded in costs of revenue. Most of our client contracts, including those that are on a fixed-price basis, can be terminated by our clients with or without cause on 30 to 90 days prior written notice. All fees for services provided by us through the date of cancellation are generally due and payable under the contract terms.

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Our unit pricing is driven by business need, delivery timeframes, complexity of the engagement, operating differences (such as onsite/offshore ratio), competitive environment and engagement size or volume. As a pricing strategy to encourage clients to increase the volume of services that we provide to them, we, on occasion may offer volume discounts or longer payment terms. We manage our business carefully to protect our account margins and our overall profit margins. We find that our clients generally purchase on the basis of total value, rather than on minimum cost, considering all of the factors listed above.

While we are subject to the effects of overall market pricing pressure, we believe that there is a fairly broad range of pricing offered by different competitors for each service we provide. We believe that no one competitor, or set of competitors, sets pricing in our industry. We find that our unit pricing, as a result of our global delivery model, is generally competitive with other firms who operate with a predominately offshore operating model.

The proportion of work performed at our offshore facilities and at onsite client locations varies from period-to-period. Effort, in terms of the percentage of hours billed to clients by onsite resources, was 24% and 27%, respectively, of total hours billed in each of the fiscal years ended March 31, 2022 and March 31, 2021, while the revenue from resources located onsite and offshore accounted for 56% and 44% respectively in the fiscal years ended March 31, 2022 and 58% and 42% respectively during the fiscal year ended March 31, 2021. We charge higher rates and incur higher compensation costs and other expenses for work performed at client locations in the United States, the United Kingdom and Europe as compared to work performed at our global delivery centers in Asia, particularly our largest centers in India

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and Sri Lanka. Services performed at client locations or at our offices in the United States or the United Kingdom generate higher revenue per-capita at lower gross margins than similar services performed at our global delivery centers in Asia, particularly our largest centers in India and Sri Lanka. We strive to manage both fixed-price contracts and time-and-materials engagements to a targeted 25% to 75% onsite- to-offshore service delivery team mix, although such delivery mix may be impacted by several factors including our new and existing client delivery requirements as well as the impact of any acquisitions.

Costs of Revenue and Gross Profit

Costs of revenue consist principally of payroll and related fringe benefits, reimbursable and non-reimbursable costs, immigration-related expenses, fees for subcontractors working on client engagements and share-based compensation expense for IT professionals including account management personnel. Wage costs in India and Sri Lanka have historically been significantly lower than wage costs in the United States, Europe and rest of the world for comparably-skilled IT professionals. However, wages in India and Sri Lanka are increasing in local currency, which will result in increased costs for IT professionals, particularly project managers and other mid-level professionals. We may need to increase the levels of our team member compensation more rapidly than in the past to remain competitive without the ability to make corresponding increases to our billing rates. Compensation increases may reduce our profit margins, make us less competitive in pricing potential projects against those companies with lower cost resources and otherwise harm our business, operating results and financial condition. We deploy a campus hiring philosophy and encourage internal promotions to minimize the effects of wage inflation pressure and recruiting costs. Additionally, any material appreciation in the Indian rupee or Sri Lankan rupee against the U.S. dollar or U.K. pound sterling could have a material adverse impact on our cost of services.

Our revenue and gross profit are also affected by our ability to efficiently manage and utilize our IT professionals and fluctuations in foreign currency exchange rates. We define utilization rate as the total number of days billed in a given period divided by the total available days of our IT professionals during that same period, excluding trainees. We manage employee utilization by continually monitoring project requirements and timetables to efficiently staff our projects and meet our clients' needs. The number of IT professionals assigned to a project will vary according to the size, complexity, duration and demands of the project. An unanticipated termination or reduction of a significant project could cause us to experience a higher-than-expected number of unassigned IT professionals, thereby lowering our utilization rate.

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Although we have adopted a cash flow hedging program to minimize the effect of the Indian rupee movement on our financial condition, particularly our costs of revenue, these hedges may not be effective or may cause us to forego benefits, especially given the volatility of these currencies. In addition, to the extent that these hedges do not qualify for hedge accounting, any gains or losses associated with those hedges would be recorded in other comprehensive income until the occurrence of the underlying transaction and at that time the gains or losses would be recognized in the consolidated statement of income in other income (expense).

Operating expenses

Operating expenses consist primarily of payroll and related fringe benefits, commissions, selling and marketing as well as promotion, communications, management, finance, administrative, occupancy, share-based compensation and depreciation and amortization expenses. In the fiscal years ended March 31, 2022 and March 31, 2021, we invested in all aspects of our business, including sales, marketing, IT infrastructure, facilities, human resources programs and financial operations. Additionally, any material appreciation in the Indian rupee or Sri Lankan rupee against the U.S. dollar or U.K. pound sterling could have a material adverse impact on our cost of operating expenses.

Other Income (Expense)

Other income (expense) includes interest income, interest expense, gains or losses associated with ineffective hedges, investment gains and losses, foreign currency transaction gains and losses and disposal of fixed assets. We generate interest income by investing in time deposits, money market instruments, short-term investments and long-term investments. We incur interest expense primarily from our long-term debt and amortization of our debt issuance cost. The functional currencies of our subsidiaries are their local currencies, except for Hungary which operates in the euro and

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certain Netherlands entities which operate in the U.S. dollar. Foreign currency gains and losses are generated primarily by fluctuations of the Indian rupee, Sri Lankan rupee, euro, U.K. pound sterling and the Singapore dollar, against the U.S. dollar on intercompany transactions. This includes fluctuations on an Indian rupee denominated intercompany note in a U.S. dollar functional currency entity in the Netherlands that was put in place as part of the structuring of the Polaris Transaction. At March 31, 2022, the approximate value of the intercompany note was $90.0 million (Indian rupee 6,800 million). We place our cash in liquid investments at highly-rated financial institutions, as well as in money market funds, fixed income securities, U. S. dollar denominated corporate bonds, agency bonds and government bonds based on our investment policy approved by our audit committee and board of directors. We believe that our credit policies reflect normal industry terms and business risk.

Income Tax Expense

Our income is subject to income tax in those countries in which we perform services and have operations, including the United States, Canada, the United Kingdom, the Netherlands, India, Sri Lanka, Germany, Singapore, Austria, Hungary, Malaysia, Australia and Sweden. In the fiscal year ended March 31, 2022, our effective tax rate was significantly impacted by nondeductible transaction costs, the mix of income by jurisdiction, the impact of adopting the new tax regime offered by the Indian government and certain deductions granted to large IT service providers in Sri Lanka. Historically, we have benefited from long-term income tax holiday arrangements in both India and Sri Lanka that are offered to certain export-oriented IT services firms. As a result of these tax holiday arrangements, our worldwide profit historically has been subject to a relatively low effective tax rate as compared to the statutory rates in the countries in which we generate the substantial portion of our revenue. Our tax expense increased by $23.2 million in the fiscal year ended March 31, 2022 compared to our tax expense for our fiscal year ended March 31, 2021. The increase in the tax expense for the fiscal year ended March 31, 2022 was primarily due to costs associated with the BPEA Transaction not deductible for tax and higher income from operations during the fiscal year ended March 31, 2022

Our effective tax expense rate was 36.9% and (10.4)% for each of the fiscal years ended March 31, 2022 and 2021 respectively. Our effective tax rate in future periods will be affected by limitation on deductibility of interest, the geographic distribution of our earnings, increased U.S. taxable income on foreign profits taxed in the U.S. and the availability of foreign tax credits to offset U.S. tax expense. (See Note 13 to the consolidated financial statements for further information).

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Results of operations

The following table presents an overview of our results of operations for the fiscal years ended March 31, 2022 and March 31, 2021, which reflects the combined financial results of the predecessor period from April 1, 2020 through February 10, 2021 and the successor period from February 11, 2021 through March 31, 2021, on a non-GAAP basis:

	Successor		Predecessor	Combined		
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021	Fiscal Year Ended March 31, 2021	$ Change	% Change
	(Dollars in thousands)					
Revenue	$ 1,601,012	$ 189,125	$ 1,115,825	1,304,950	$ 296,062	22.7 %
Costs of revenue	1,086,012	126,703	800,272	926,975	159,037	17.2 %
Gross profit	515,000	62,422	315,553	377,975	137,025	36.3 %
Operating expenses	367,270	157,280	272,917	430,197	(62,927)	(14.6) %
Income (loss) from operations	147,730	(94,858)	42,636	(52,222)	199,952	382.9 %
Other income (expense)	(60,258)	(11,700)	(24,074)	(35,774)	24,484	68.4 %
Income (loss) before income tax expense (benefit)	87,472	(106,558)	18,562	(87,996)	175,468	199.4 %
Income tax expense (benefit)	32,295	(17,751)	26,890	9,139	23,156	253.4 %
Net income (loss)	55,177	(88,807)	(8,328)	(97,135)	152,312	156.8 %

Revenue

Revenue increased by 22.7%, or $296.1 million, from $1,305.0 million during the fiscal year ended March 31, 2021 to $1,601.0 million in the fiscal year ended March 31, 2022. The increase in revenue was primarily driven by broad-based revenue growth from all our industry groups, particularly BFS and healthcare, reflecting growth in our top 10 and non-top 10 clients. The revenue growth also benefited from a general improvement in business conditions and client demand as compared to a year ago, which was adversely impacted by the COVID-19 pandemic, due to business interruptions and project delays, as well as elongated client decision making cycles.

Revenue from North American clients in the fiscal year ended March 31, 2022 increased by $186.7 million, or 19.4%, as compared to the fiscal year ended March 31, 2021, particularly due to an increase in revenue from clients in our BFS and healthcare industry groups. Revenue from European clients in the fiscal year ended March 31, 2022 increased by $77.3 million, or 34.3%, as compared to the fiscal year ended March 31, 2021, primarily due to an increase in revenue from one of our largest telecommunication clients and certain new and existing banking clients. We had 223 active clients at March 31, 2022, as compared to 229 active clients at March 31, 2021.

Cost of Revenue

Costs of revenue increased from $927.0 million in the fiscal year ended March 31, 2021 to $1,086.0 million in the fiscal year ended March 31, 2022, an increase of $159.0 million. or 17.2%. The increase in cost of revenue was primarily due to an increase in the number of IT professionals and related compensation, including reinstated base and variable compensation as well as annual increases and benefit costs of $125.1 million, an increase in subcontractor costs of $30.3 million, and an increase in travel costs of $4.0 million. At March 31, 2022, we had 28,788 IT professionals as compared to 22,657 at March 31, 2021. As a percentage of revenue, cost of revenue decreased from 71.0% for the fiscal year ended March 31, 2021 to 67.8% for fiscal year ended March 31, 2022.

Gross Profit

Our gross profit increased by $137.0 million, or 36.3%, from $378.0 million for the fiscal year ended March 31, 2021 to $515.0 million in the fiscal year ended March 31, 2022, primarily due to higher revenue, increased realized pricing,

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and lower onsite effort, partially offset by an increase in compensation expense. As a percentage of revenue, gross margin increased from 29.0% for the fiscal year ended March 31, 2021 to 32.2% for the fiscal year ended March 31, 2022. In addition, we reduced the use of subcontractors as a percentage of revenue, which contributed to our margin expansion.

Operating Expenses

Operating expenses decreased from $430.2 million in the fiscal year ended March 31, 2021 to $367.3 million in the fiscal year ended March 31, 2022, a decrease of $62.9 million, or 14.6%. The decrease in operating expenses was primarily due to a decrease in legal, banking and advisory professional service fees incurred in connection with BPEA Transaction of $91.4 million and decrease in cash compensation related to acceleration and payment of outstanding unvested equity awards in connection with the BPEA Transaction for $60.2 million partially offset by an increase in amortization of intangibles of $55.9 million, an increase in compensation expenses of $15.1 million, including reinstated base and variable compensation as well as annual increases, management fees incurred in connection with the management services agreement with BPEA during the fiscal year ended March 31, 2022 for $10.5 million and increase in other operating expenses of $5.8 million. As a percentage of revenue, our operating expenses decreased from 33.0% in the fiscal year ended March 31, 2021 to 22.9% in the fiscal year ended March 31, 2022.

Income from Operations

Income from operations increased by $199.9 million, or 382.9%, from a loss of $52.2 million in the fiscal year ended March 31, 2021 to an income of $147.7 million in the fiscal year ended March 31, 2022. As a percentage of revenue, income from operations increased from a loss 4.0% in the fiscal year ended March 31, 2021 to an income of 9.2% in the fiscal year ended March 31, 2022. The increase in income from operations is primarily due to an increase in revenue, an increase in gross profit, reflective of lower onsite effort, and a decrease in legal, banking and advisory professional service fees incurred in connection with BPEA Transaction.

Other (Income) Expense

Other expense increased by $24.5 million, from $35.8 million in the fiscal year ended March 31, 2021 to $60.3 million in the fiscal year ended March 31, 2022. The increase in other expense is primarily due to an increase in interest expense of $38.8 million related to our credit facilities, reflecting the loss on debt extinguishment of $4.7 million and $2.5 million in third-party financing fees related to the First Amendment to the credit agreement. This is partially offset by increase in net foreign currency transaction gains.

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Income Tax Expense

Income tax expense increased by $23.2 million, from $9.1 million in the fiscal year ended March 31, 2021 to $32.3 million in the fiscal year ended March 31, 2022. Our effective tax rate increased from (10.4) % for the fiscal year ended March 31, 2021 to 36.9% for the fiscal year ended March 31, 2022. The increase in income tax expense and the increase in the effective tax rate for the fiscal year ended March 31, 2022 were primarily due to an increase in income from operations.

Net Income

Net income increased by 156.8%, from a net loss of $97.1 million in the fiscal year ended March 31, 2021 to a net income of $55.2 million in the fiscal year ended March 31, 2022. The increase in net income in the fiscal year ended March 31, 2022 was primarily due to an increase in revenue and an increase in income from operations, partially offset by an increase in interest expense and an increase in income tax expense.

Non-GAAP Measures

We include certain non-GAAP financial measures as defined by Regulation G by the Securities and Exchange Commission. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures should be read in conjunction with our financial statements prepared in accordance with GAAP.

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We consider the total measure of cash, cash equivalents, short-term and long-term investments to be an important indicator of our overall liquidity. All of our investments are classified as time deposits, available-for-sale debt securities and equity securities, including our long-term investments which meet the credit rating and diversification requirements of our investment policy as approved by our audit committee and board of directors.

The following table provides the reconciliation from cash and cash equivalents to total cash and cash equivalents, short-term investments and long-term investments:

	At March 31, 2022	At March 31, 2021
	(Dollars in thousands)	
Cash and cash equivalents	$ 114,002	$ 130,973
Short-term investments	4,233	779
Long-term investments	63	50
Total cash and cash equivalents, short-term and long-term investments	$ 118,298	$ 131,802

We believe the following financial measures will provide additional insights to measure the operational performance of our business.

We present consolidated statements of income measures that exclude, when applicable, stock-based compensation expense, acquisition-related charges, restructuring charges, foreign currency transaction gains and losses, impairment of investments, impairment of long-lived assets, non-recurring third party financing cost, gain on redemption of equity method investment, non-recurring fees for potential proxy deliberation, the initial impact of our election to treat certain subsidiaries as disregarded entities for U.S. tax purposes, and other non-recurring tax items to provide further insights into the comparison of our operating results among periods

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The following table presents a reconciliation of each non-GAAP financial measure to the most comparable GAAP. The fiscal year ended March 31, 2022 (2022 Successor Period) and the fiscal year ended March 31, 2021, reflects the combined period of the 2021 Predecessor Period and 2021 Successor Period:

	Fiscal Year Ended March 31,	
	2022	2021
	(Dollars in thousands)	
GAAP net income	$ 55,177	$ (97,135)
Income taxes	32,295	9,139
Interest expense, net	67,638	28,372
Amortization of intangible assets	79,182	23,305
Depreciation expense	15,427	15,958
EBITDA (1)	249,719	(20,361)
Stock-based compensation expense	—	14,059
Cash bonus in lieu of stock payout (2)	10,971	60,206
Acquisition-related charges and restructuring charges (3)	3,628	96,735
Management fees (4)	10,475	928
Other amortization expense (5)	2,401	—
Impairment of operating lease right-of-use asset	—	2,223
Non-recurring professional fees (6)	—	8,195
Foreign currency transaction (gains) losses (7)	(6,892)	(3,977)
Others, net	(488)	11,379
Adjusted EBITDA (8)	$ 269,814	$ 169,387
EBITDA margin	15.6 %	(1.5) %
Effect of above adjustments to income from operations	1.3 %	14.5 %
Adjusted EBITDA margin	16.9 %	13.0 %

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(1) EBITDA defined as net income adjusted for interest expense, net, income taxes and depreciation and amortization.

(2) Cash compensation related to acceleration and payment of outstanding unvested equity awards in connection with the BPEA Transaction

(3) Acquisition-related charges include, when applicable, external deal costs, transaction-related professional fees, acquisition-related retention bonuses, changes in the fair value of contingent consideration liabilities, accreted interest related to deferred acquisition payments, charges for impairment of acquired intangible assets and other acquisition-related costs including integration expenses consisting of outside professional and consulting services and direct and incremental travel costs. Restructuring charges, when applicable, include termination benefits, as well as certain professional fees related to restructuring. The following table provides the details of the acquisition-related charges and restructuring charges:

	Fiscal Year Ended March 31,	
	2022	2021
	(Dollars in thousands)	
Acquisition-related and restructuring charges	$ 3,890	$ 96,016
Changes in fair value of contingent consideration	(262)	719
Total acquisition-related charges and restructuring charges	$ 3,628	$ 96,735

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(4) Management fees incurred in connection with the management services agreement with BPEA.

(5) Amortization expense, when applicable, impairment related to capitalized implementation costs incurred in a cloud computer hosting arrangement that is a service contract.

(6) Non-recurring fees for advisory, legal, consulting and proxy solicitation services in connection with a contested proxy solicitation with respect to our annual shareholder meeting and the election of directors.

(7) Foreign currency transaction gains and losses are inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes.

(8) Adjusted EBITDA as set forth in this table may not equal Consolidated EBITDA as calculated under the credit agreement governing the Credit Facility or the indenture governing the Senior Notes.

Liquidity and Capital Resources

Our primary sources of liquidity include cash flows from operations and our availability under our Senior Secured Credit Facilities. We believe that our sources of funding will be sufficient to satisfy our currently anticipated cash requirements including capital expenditures, working capital requirements, strategic investments and other liquidity requirements through at least the next 12 months from the date of this annual report. To the extent that existing cash from operations is insufficient to fund our working capital needs and other cash obligations, we may raise additional funds through debt or equity financing. We cannot give any assurance that additional financing, if required, will be available on favorable terms or at all.

On February 11, 2021, in connection with the BPEA Transaction, the Company entered into a Credit Agreement for senior secured credit facility consisting of $600.0 million in first lien term loan and a $125.0 million revolving credit facility ("Revolver", together with the Term Loan, "Credit Facility") with Bank of America, N.A., and other lenders. The Term Loan has a maturity of 7 years from the Closing Date, with a 1.0% per annum amortization schedule. Interest under the Term Loan accrues at a rate per annum of LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA. In addition, at any time prior to August 11, 2021, the Company had the right to refinance or reprice the Term Loan provided that the Company pays a premium of 1.00% of the aggregate principal amount of the Term Loans outstanding immediately prior to such refinancing or repricing to the existing lenders. The Revolver has a maturity of five years from the Closing Date. Interest under the Revolver accrues at a rate per annum of LIBOR with a 0.0% floor plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA.

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On September 28, 2021, the Company entered into an Amendment No. 1 to the Credit Agreement with Bank of America N.A., and other lenders. The amendment reduces the interest rate under the Term loan from LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA to a LIBOR with a floor of 0.75% plus a flat rate of 3.75%, and reduces the interest rate under Revolver from LIBOR with a 0.0% floor plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA to LIBOR with a 0.0% floor plus a flat rate of 3.75%. No other terms of the Credit Facility were modified.

Additionally, in connection with the BPEA Transaction, on December 17, 2020, the Company issued to qualified institutional buyers $300.0 million in senior unsecured notes, which mature on December 15, 2028. Interest under the Senior Notes accrues at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2021. The Company has the option to redeem all or a portion of the Senior Notes at any time on or after December 15, 2023 at the redemption prices set forth under the terms and conditions of the Senior Notes. In addition, at any time prior to December 15, 2023, the Company may redeem all or a portion of the Senior Notes at a price equal to 100.0% of the principal amount of such Senior Notes plus accrued and unpaid interest and a make-whole premium under the terms and conditions of the Senior Notes. The Company may also, at any time prior to December 15, 2023, redeem up to 40.0% of the aggregate principal amount of the notes with an amount equal to the net proceeds of certain equity offerings at the redemption price set forth under the terms and conditions of the Senior Notes plus accrued and unpaid interest to the redemption date. The Credit Facility is secured by substantially all of the Company's assets, including all intellectual property and all securities in domestic subsidiaries (other than certain domestic subsidiaries where the material assets of such subsidiaries are equity in foreign subsidiaries), subject to customary exceptions and exclusions from the collateral.

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All obligations under the Senior Secured Credit Facilities are unconditionally guaranteed by the Company's parent company as well as substantially all of the Company's material direct and indirect domestic subsidiaries, with certain exceptions. These guarantees are secured by substantially all of the present and future property and assets of the guarantors, with certain exclusions.

On February 15, 2022, we entered into an Amendment No. 2 to the Credit Agreement to borrow an additional $670 million and permit an increase in our dividend or distribution capacity by $50 million. Interest under Amendment No. 2 accrues at a rate per annum of SOFR with a floor rate of 0.75% plus a flat rate of 3.75%.

On February 15, 2022, we issued additional Senior Notes worth $50.0 million, and these Senior Notes mature on December 15, 2028. Interest under the existing and additional notes accrue at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year.

The proceeds of Amendment No. 2, additional Senior Notes, and operating cash were used to fund a return on capital to our shareholders and to pay fees and expenses in connection with the offering and amendment to Credit Agreement and we have incurred approximately $24.5 million as fees and expenses in this regard.

During the fiscal year ended March 31, 2022, the Company drew down $86.0 million from the Revolving Credit Facility and repaid $86.0 million. At March 31, 2022, the total outstanding amounts under the Term Loan and Senior Notes was $1,264.0 million and $350.0 million, respectively. As of March 31, 2022, the interest rates on the Term Loan and Senior Notes were 4.5% and 7.125%, respectively.

At March 31, 2022, we were in full compliance with all covenants set forth in our Credit Facility. Based upon our current plans, we expect our operating cash flows, together with our cash and short-term investment balances, to be sufficient to meet our operating requirements and service our debt for the foreseeable future. However, given the dynamic nature of the COVID-19 pandemic, there can be no assurances that its future impact will not have a material adverse effect on our ongoing business, results of operations, liquidity needs, debt covenant compliance or overall financial performance.

During the fiscal year ended March 31, 2022, we have paid approximately $59.5 million as transaction costs, $746.3 million as share redemption and $16.5 million as cash compensation related to the acceleration and payment of outstanding unvested awards in connection with the BPEA Transaction.

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At March 31, 2022, we had approximately $148.9 million of cash, cash equivalents, short term investments and long term investments, which is a non-GAAP measure, of which we hold approximately $82.1 million of cash, cash equivalents, short term investments and long-term investments in non-U.S. locations, particularly in India, Sri Lanka, Canada and the United Kingdom. We intend to use accumulated and future earnings of foreign subsidiaries to expand operations outside the United States and, accordingly, undistributed income is considered indefinitely reinvested. If our intent were to change and we elected to repatriate this cash back to the United States, or this cash was deemed no longer permanently invested, this cash could be subject to additional taxes and the change in such intent could have an adverse effect on our cash balances as well as our overall statement of income (loss). Due to various methods by which cash could be repatriated to the United States in the future, the amount of taxes attributable to the cash is dependent on circumstances existing if and when remittance occurs. In addition, some countries could have restrictions on the movement and exchange of foreign currencies which could further limit our ability to use such funds for global operations or capital or other strategic investments. Due to the various methods by which such earnings could be repatriated in the future, it is not practicable to determine the amount of applicable taxes that would result from such repatriation.

We do not believe the deemed repatriation tax on accumulated foreign earnings will have a significant impact on our cash flows in any individual fiscal year.

During the twelve months ended March 31, 2020, we completed multiple tuck-in asset and business acquisitions. At March 31, 2022, the balance of undiscounted contingent consideration related to these acquisitions is $2.9 million, which is expected to be paid within the next 12 months.

Beginning in fiscal year 2009, our U.K. subsidiary entered into an agreement with an unrelated financial institution to sell, without recourse, certain of its Europe-based accounts receivable balances from one client to the financial institution. During the Successor period of the fiscal year ended March 31, 2022, we sold $64.3 million of receivables under the terms of this financing agreement. Fees paid pursuant to this agreement were not material during the fiscal year

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ended March 31, 2022. There were no significant amounts due under the financing agreement at March 31, 2022, but we may elect to use this program again in future periods. However, we cannot provide any assurances that this or any other financing facilities will be available or utilized in the future.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Successor	Successor	Predecessor	Combined
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021	Fiscal Year Ended March 31, 2021
	(Dollars in thousands)			
Net cash provided by (used in) operating activities	$ 60,337	$ (103,467)	$ 192,515	$ 89,048
Net cash (used in) provided by investing activities	(17,593)	(1,751,846)	3,516	(1,748,330)
Net cash (used in) provided by financing activities	(60,296)	1,990,965	(130,192)	1,860,773

Net Cash Provided by (used in) Operating Activities

Net cash provided by operating activities decreased in the fiscal year ended March 31, 2022 compared to the fiscal year ended March 31, 2021, primarily due to changes in working capital, partially offset by an increase in operating results, decrease in cash compensation related to acceleration and payment of outstanding unvested equity awards in connection with the BPEA Transaction, legal, banking and advisory professional service fees incurred in connection with the BPEA Transaction, professional fees and settlement related payments incurred in connection with the proxy solicitation contest initiated by New Mountain Vantage Advisers LLC, as well as depreciation and amortization adjustments to reconcile to net income during the fiscal year ended March 31, 2022.

Net Cash (used in) Provided by Investing Activities

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Net cash used in investing activities decreased in the fiscal year ended March 31, 2022 compared to fiscal year ended March 31, 2021. The decrease in net cash used in investing activities is primarily due to purchase price consideration related to the BPEA Transaction, proceeds from sale of land acquired in the Polaris Transaction, partially offset by an increase in purchase of short-term investments and increase in the purchase of property and equipment.

Net Cash (used in) Provided by Financing Activities

Net cash provided by (used in) financing activities decreased from cash provided by financing activities in the fiscal year ended March 31, 2021 to cash used in financing activities in the fiscal year ended March 31, 2022. Net cash used in financing activities in the fiscal year ended March 31, 2022 was primarily due to return on capital paid to BPEA and payment of debt issuance costs, partially offset by an increase in proceeds from borrowings under the Credit Facility and Senior Notes.

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Contractual Obligations

The following table sets forth our future contractual obligations and commercial commitments at March 31, 2022.

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	5+ Years
	(Dollars in thousands)				
Term Loan and Senior Notes obligation (1)	$ 1,614,000	12,700	25,400	25,400	1,550,500
Interest on Term Loan and Senior Notes (2)	514,370	92,120	177,125	157,532	87,593
Operating lease obligations (3)	38,874	10,559	13,318	9,367	5,630
Defined benefit plans (4)	34,238	1,703	4,639	6,654	21,242
Capital and other purchase commitments (5)	31,322	13,490	10,683	7,149	
Contingent consideration (6)	2,902	2,902	—	—	—
Total	$ 2,235,706	133,474	231,165	206,102	1,664,965

(1) Our obligations towards repayments of our Term Loan and Senior Notes, see Note 11 to the consolidated financial statements for further information.

(2) Interest on Term Loan and Senior Notes at 4.5% and 7.125%, respectively, as of March 31, 2022.

(3) Our obligations under our operating leases consist of future payments primarily related to our real estate leases.

(4) We accrue and contribute to benefit funds covering our employees in India and Sri Lanka. The amounts in the table represent the expected benefits to be paid out over the next ten years. We are not able to quantify expected benefit payments beyond ten years with any certainty. We make periodic contributions to the plans such that the unfunded amounts are immaterial.

(5) Relates to other purchase commitments, net of advances.

(6) Relates to undiscounted contingent consideration of business acquisitions during the fiscal year 2020.

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At March 31, 2022, we had $22.8 million of unrecognized tax benefits. This represents the tax benefits associated with tax positions on our domestic and international tax returns that have not been recognized on our financial statements due to uncertainty regarding their resolution. Resolution of the related tax positions with the relevant tax authorities may take years to complete, since such timing is not entirely within our control. It is reasonably possible that within the next 12 months certain positions will be resolved, which could result in a decrease in unrecognized tax benefits. These decreases may be offset by increases to unrecognized tax benefits if new positions are identified. The resolution or settlement of positions with the relevant taxing authorities is at various stages and therefore it is not practical to estimate the eventual cash flows by period that may be required to settle these matters.

Commitments and Contingencies

See Note 17 to our consolidated financial statements for additional information.

Application of Critical Accounting Estimates and Risks

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. Preparation of these financial statements requires us to make estimates and assumptions that affect the reported amount of revenue and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting estimate to be critical to the preparation of our consolidated financial statements when both of the following are present:

- the estimate is complex in nature or requires a high degree of judgment; and

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- the use of different estimates and assumptions could have a material impact on the consolidated financial statements.

We have discussed the development and selection of our critical accounting estimates and related disclosures with the audit committee of our board of directors. Those estimates critical to the preparation of our consolidated financial statements are listed below.

Revenue Recognition

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenues are recognized when control of the promised services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We generally recognize revenue for services over time as our performance creates or enhances an asset that the customer controls from fixed price contracts related to complex design, development and customization. For these contracts, we measure the progress and recognize revenue using effort-based input methods, as we perform, based on actual efforts spent compared to the total expected efforts for the contract. The use of the effort-based input method requires significant judgment relative to estimating total efforts, including assumptions relative to the length of time to complete the project and the nature and complexity of the work to be performed. Estimates of total efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified. An input method is used to recognize revenue as the value of services provided to the customer is best represented by the hours expended to deliver those services.

We generally recognize revenue for services over time where our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date for fixed-price contracts related to consulting or other IT services. For these contracts, we measure the progress and recognize revenue using effort-based input methods as we perform based on actual efforts spent compared to the total expected efforts for the contract. The cumulative impact of any change in estimates of the contract revenue is reflected in the period in which the changes become known.

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We generally recognize revenue for time and material contracts over time as the customer simultaneously receives and consumes the benefits as we perform services. We either apply the as-invoiced practical expedient to recognize revenues for services rendered on time and material basis, or a method that is otherwise consistent with the way in which value is delivered to the customer.

We generally recognize revenue from fixed-price applications management, maintenance, or support engagements over time as customers receive and consume the benefits of such services and have applied the as-invoiced practical expedient to recognize revenue for services we render to customers based on the amount we have a right to invoice, which is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized on a straight-line basis unless revenues are earned and obligations are fulfilled in a different pattern.

Contracts are often modified to account for changes in contract specification and requirements. We consider a contract modification when the modification either creates new or changes the existing enforceable rights and obligations. The accounting for modifications involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Certain customers may receive discounts, incentive payments or service level credits. A portion of the revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any revenue will not occur. We estimate these

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amounts based on the expected amount to be provided to customers and adjusts revenues recognized. We estimate the amount of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

From time to time, we may enter into contracts with customers that include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on an expected cost plus a margin approach.

Our warranties generally provide a customer with assurance that the related deliverable will function as the parties intended because it complies with agreed-upon specifications and is therefore not considered as an additional performance obligation in the contract.

When we receive consideration from a customer prior to transferring services to the customer under the terms of a contract, we record deferred revenue, which represents a contract liability. We recognize deferred revenue as revenue after we have transferred control of the services to the customer and all revenue recognition criteria are met.

Our payment terms vary by the type and location of its customers. The term between invoicing and when payment is due is not significant. As a practical expedient, we have not assessed the existence of a significant financing component when the difference between payment and transfer of deliverables is one year or less.

We report gross reimbursable "out-of-pocket" expenses incurred as both revenues and cost of revenues.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction (e.g. sales tax) is excluded from our assessment of transaction prices.

Derivative Instruments and Hedging Activities

We enter into forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on forecasted transactions denominated in foreign currencies. We may also enter into interest rate swaps to mitigate interest rate risk on our variable rate debt. Certain of these transactions meet the criteria for hedge accounting as cash flow hedges under accounting standards codification. Changes in the fair values of these hedges are deferred and recorded as a component of accumulated other comprehensive income (loss), net of tax, until the hedged transactions occur and are then recognized in the consolidated statements of income in the same line item as the item being hedged. We measure the effectiveness of these hedges at the time of inception, as well as on an ongoing basis. If any portion of the hedges is deemed ineffective, the respective portion is recorded in accumulated other comprehensive income until the occurrence of the hedged transaction and at that time, the gains or losses are recognized in the consolidated statement of income in other income (expense). For derivative contracts that are not designated as cash flow hedges, at maturity changes in the fair value, if any, are recognized in the same line item as the underlying exposure being hedged in the statements of income. We value our derivatives based on market observable inputs including both forward and spot prices for currencies. Any significant change in the forward or spot prices for currencies would have a significant impact on the value of our derivatives.

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Business Combinations

We account for our business combinations under the acquisition method of accounting. We allocate the cost of an acquired entity to the assets acquired and liabilities assumed, including any contingent consideration based on their estimated fair values at the date of acquisition. The excess of the purchase price for acquisitions over the fair value of the net assets acquired, including other intangible assets, is recorded as goodwill.

We perform an annual impairment review in the fourth quarter and more frequently if events or changes in circumstances indicate that goodwill might be impaired. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company has one reporting unit for purposes of the goodwill impairment review. ASC Topic 350, Intangibles – Goodwill and Other 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

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quantitative goodwill impairment test will be conducted to detect and measure any impairment. In the quantitative goodwill impairment test, the amount of any goodwill impairment is measured by comparing the fair value of the reporting unit's goodwill to the carrying value of goodwill, with the resulting impairment charge reflected in operations.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. Historically and through March 31, 2022, we have concluded that we have one entity-wide reporting unit. The Predecessor completed its annual goodwill impairment prior to the Closing Date and did not identify any goodwill impairment.

Other intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods appropriate for the type of intangible asset and reported separately from goodwill. Intangible assets with definite lives are amortized over the estimated useful lives and tested for impairment when events or circumstances occur that indicate that it is more likely than not that an impairment has occurred. We test other intangible assets with definite lives for impairment by comparing the carrying amount to the sum of the net undiscounted cash flows expected to be generated by the asset whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying amount of the asset exceeds its net undiscounted cash flows, then an impairment loss is recognized for the amount by which the carrying amount exceeds its fair value.

Income Taxes

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in multiple jurisdictions where we have operations. We record liabilities for estimated tax obligations in the United States and other tax jurisdictions. Determining the consolidated provision for income tax expense, tax reserves, deferred tax assets and liabilities and related valuation allowance, if any, involves judgment. We calculate and provide for income taxes in each of the jurisdictions in which we operate, and these calculations and determinations can involve complex issues which require an extended time to resolve. In the fiscal year of any such resolution, additional adjustments may need to be recorded that result in increases or decreases to income. Our overall effective tax rate fluctuates due to a variety of factors, including arm's-length prices for our intercompany transactions, non-deductible expenses, changes in the geographic mix, as well as newly enacted tax legislation in each of the jurisdictions in which we operate. Applicable transfer pricing regulations require that transactions between and among our subsidiaries be conducted at an arm's-length price. On an ongoing basis, we estimate appropriate arm's-length prices and use such estimates for our intercompany transactions.

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At each financial statement date, we evaluate whether a valuation allowance is needed to reduce our deferred tax assets to the amount that is more likely than not to be realized. This evaluation considers the weight of all available evidence, including both future taxable income and ongoing prudent and feasible tax planning strategies. In the event that we determine that we will not be able to realize a recognized deferred tax asset in the future, an adjustment to the valuation allowance would be made, resulting in a decrease in income (or equity in the case of excess stock option tax benefits) in the period such determination was made. Likewise, should we determine that we will be able to realize all or part of an unrecognized deferred tax asset in the future, an adjustment to the valuation allowance would be made, resulting in an increase to income (or equity in the case of excess stock option tax benefits). We currently have net operating loss carry forward in Sweden. It is more likely than not, that part of the NOL carried forward will materialize. A valuation allowance has been recorded in current period results to reflect this. The CARES Act provided for NOLs arising in tax years beginning after December 31, 2017, and before January 1, 2021, may be carried back to each of the five tax years preceding the tax year of such loss. The CARES Act also provided a correction to the Tax Act providing a two-year carryback for our NOL in the fiscal year ended March 31, 2018. The Company has filed a carry back claim in the U.S. to previous years. The Company has yet to receive a portion of the carryback claim and carries a tax receivable. Net operating losses have an unlimited carry forward period, although there are annual limitations on their use suspended for certain years as result of CARES Act.

On September 20, 2019, the Indian government issued Ordinance 2019 making certain amendments in the Income-tax Act 1961, which substantially reduces tax rates. The effective rate of tax on India-based companies was reduced from 34.9% to 25.17%, effective for fiscal years beginning April 1, 2019. We adopted the new ordinance for the

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fiscal year beginning April 1, 2019. The new rates require the surrendering of any tax holidays and other attributes of which the Company historically was taking advantage of and favorably impacting our tax rate.

In the past, we have benefited from long-term income tax holiday arrangements in both India and Sri Lanka. We have located development centers in areas designated as SEZs to secure tax exemptions for these operations for a period of 10 years, which extend to 15 years if we meet certain reinvestment requirements. During the fiscal year ended March 31, 2013, we elected the tax holiday for our SEZ Co-developer located in Hyderabad, India for a period of 10 years. Our India profits ineligible for SEZ benefits were subject to corporate income tax at the current rate of 25.17%. Our Sri Lanka subsidiary was granted an income tax holiday by the BOI which expired on March 31, 2019. The tax holiday is contingent upon a certain level of job creation by us during a given timetable. Although we believe we have met the job creation requirements, if the BOI concludes otherwise, this would jeopardize the maximum benefits from this holiday arrangement. As a result of these tax holiday arrangements, our historical worldwide profit has been subject to a relatively lower effective tax rate. In January 2020, the Government in Sri Lanka provided tax benefits or exemptions for revenue and certain interest income earned by IT service companies, which currently reduces our overall tax rate in Sri Lanka. As a result, our tax liability is limited to non-exempt interest on deposits denominated in foreign currency. It is our intent to reinvest all accumulated earnings from foreign operations back into their respective businesses to fund growth. As a component of this strategy, we do not accrue incremental taxes on foreign earnings as these earnings are considered to be indefinitely reinvested outside of the United States. If such earnings were to be repatriated in the future or are no longer deemed to be indefinitely reinvested, we will accrue the applicable amount of taxes associated with such earnings, which would increase our overall effective tax rate.

Off-Balance Sheet Arrangements

We do not have any investments in special purpose entities or undisclosed borrowings or debt.

We have entered into foreign currency derivative contracts with the objective of limiting our exposure to changes in the Indian rupee, the U.K. pound sterling, the euro, the Canadian dollar and the Australian dollar as described below and in Note 18 of our consolidated financial statements.

We maintain a foreign currency cash flow hedging program designed to further mitigate the risks of volatility in the Indian rupee against the U.S. dollar and U.K. pound sterling. From time to time, we may also purchase multiple foreign currency forward contracts designed to hedge fluctuation in foreign currencies, such as the U.K. pound sterling, euro, the Canadian dollar, and the Australian dollar against the U.S. dollar to minimize the impact of foreign currency fluctuations on foreign currency denominated revenue and expenses. Other than these foreign currency derivative contracts, we have not entered into off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of or requirements for capital resources.

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Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements for additional information.

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Quarterly Results of Operations (unaudited)

	Successor					Predecessor			
	Three Months Ended (Dollars in thousands)					Three Months Ended (Dollars in thousands)			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	Period from February 11, through March 31, 2021	Period from January 1, through February 10, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Revenue	$ 428,016	414,529	395,277	363,190	$ 189,125	$ 151,473	$ 346,100	317,188	$ 301,064
Costs of revenue	286,762	284,684	267,802	246,764	126,703	102,500	232,142	233,170	232,460
Gross profit	141,254	129,845	127,475	116,426	62,422	48,973	113,958	84,018	68,604
Operating expenses	95,810	90,898	88,236	92,326	157,280	67,668	72,507	71,292	61,449
Income (loss) from operations	45,444	38,947	39,239	24,100	(94,858)	(18,695)	41,451	12,726	7,155
Other income (expense)	(10,394)	(13,007)	(22,069)	(14,788)	(11,700)	(13,678)	(4,228)	(211)	(5,957)
Income (loss) before income tax expense	35,050	25,940	17,170	9,312	(106,558)	(32,373)	37,223	12,515	1,198
Income tax expense (benefit)	14,643	3,958	9,015	4,679	(17,751)	11,064	11,776	3,746	304
Net income (loss)	$ 20,407	21,982	8,155	4,633	$ (88,807)	$ (43,437)	$ 25,447	$ 8,769	$ 894

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List of Subsidiaries of Austin Hold Co Inc.

Name of Subsidiary	Jurisdiction of Incorporation/Formation
Virtusa Corporation	Delaware
Virtusa (Private) Limited	Sri Lanka
Virtusa Austria GmbH	Austria
Virtusa C.V.	Netherlands
Virtusa Canada Inc.	Canada
Virtusa Consulting Services Private Limited	India
Virtusa Financing C.V.	Netherlands
Virtusa Germany GmbH	Germany
Virtusa Hungary Kfth.	Hungary
Virtusa International, B.V.	Netherlands
Virtusa Malaysia Sdn. BHD	Malaysia
Virtusa Netherlands Cooperatief U.A.	Netherlands
Virtusa Securities Corporation	Massachusetts
Virtusa Singapore Private Limited	Singapore
Virtusa Consulting & Services SA	Switzerland
Virtusa UK Limited	United Kingdom
Virtusa US LLC	Delaware
Apparatus, Inc.	Indiana
InSource Holdings, Inc.	Connecticut
Virtusa AB	Sweden
Virtusa ApS	Denmark
Virtusa QFC IT Consulting LLC	Qatar
Virtusa Middle East FZ-LLC	Dubai
Virtusa Consulting & Services Inc.	Canada
Virtusa Consulting & Services Ireland Limited	Ireland
Virtusa Consulting & Services Limited	United Kingdom
Polaris Consulting & Services Pte. Limited	Singapore
Virtusa Consulting & Services Pty Limited	Australia
Virtusa Consulting & Services Japan K.K.	Japan
Polaris Software Consulting & Services Sdn. BHD	Malaysia
eTouch Systems Corp.	California
Virtusa Systems (India) Private Limited	India
Virtusa Mexico S DE RL DE CV	Mexico
Virtusa Sp.z.o.o	Poland
Virtusa Consulting and Services Sociedad Limitada (SL)	Spain
Virtusa France SAS	France
TechChefs Software Private Limited	India

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Part II. Financial Statements and Supplementary Data

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AUSTIN HOLDCO INC. AND SUBSIDIARIES

AND

VIRTUSA CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

As of March 31, 2022 and March 31, 2021 (Successor)

and

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for the periods from April 1, 2021 to March 31, 2022 for the fiscal year ended March 31, 2022, February 11, 2021 to March 31, 2021 (Successor) and April 1, 2020 to February 10, 2021 (Predecessor) (With Independent Auditors' Report Thereon)

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Directors
Austin HoldCo Inc. and Subsidiaries:

Opinion

We have audited the consolidated financial statements of Austin HoldCo Inc. and Subsidiaries (Successor) and Virtusa Corporation and Subsidiaries (Predecessor) (collectively, the Company), which comprise the consolidated balance sheets as of March 31, 2022 (Successor) and March 31, 2021 (Successor), and the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the periods from April 1, 2021 through March 31, 2022 (Successor), February 11, 2021 through March 31, 2021 (Successor) and April 1, 2020 through February 10, 2021 (Predecessor), and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Austin Holdco Inc. and Subsidiaries (Successor) and Virtusa Corporation and Subsidiaries (Predecessor) as of March 31, 2022 (Successor) and March 31, 2021 (Successor), and the results of their operations and their cash flows for each of the periods from April 1, 2021 through March 31, 2022 (Successor), February 11, 2021 through March 31, 2021 (Successor) and April 1, 2020 through February 10, 2021 (Predecessor) in accordance with U.S. generally accepted accounting principles.

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Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

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than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Boston, Massachusetts
May 25, 2022

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Austin HoldCo Inc. and Subsidiaries

Consolidated Balance Sheets

(Amounts in thousands, except share and per share amounts)

	Successor	
	March 31, 2022	**March 31, 2021**
Assets		
Current assets:		
Cash and cash equivalents	$ 114,002	$ 130,973
Short-term investments	4,233	779
Accounts receivable, net of allowance of $1,358 and $1,059 at March 31, 2022 and March 31, 2021, respectively	160,288	207,937
Unbilled accounts receivable	156,031	44,449
Prepaid expenses	49,508	48,910
Restricted cash	1,028	3,085
Other current assets	33,573	31,947
Total current assets	518,663	468,080
Property and equipment, net	121,747	123,433
Operating lease right-of-use assets	50,231	44,290
Long-term investments	63	50
Deferred income taxes	724	1,403
Goodwill	775,558	695,114
Intangible assets, net	989,382	1,166,217
Other long-term assets	21,356	24,967
Total assets	$ 2,477,724	$ 2,523,554
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$ 45,879	$ 78,909
Accrued employee compensation and benefits	110,444	109,234
Deferred revenue	17,193	4,732
Accrued expenses and other	106,280	92,170
Current portion of long-term debt	5,431	639
Operating lease liabilities	8,657	11,424
Income taxes payable	4,467	8,583
Total current liabilities	298,351	305,691
Deferred income taxes	229,884	245,536
Operating lease liabilities, non-current	24,241	32,796
Long-term debt, less current portion	1,549,128	854,973
Long-term liabilities	29,912	32,593
Total liabilities	2,131,516	1,471,589
Commitments and contingencies		
Stockholder's equity:		
Common stock, $0.01 par value; 1,000 shares Authorized; 395 shares issued and outstanding at March 31, 2022 and 1,000 shares issued and outstanding at March 31, 2021	—	—
Additional paid-in capital	394,250	1,140,522
Retained earnings (accumulated deficit)	(33,630)	(88,807)
Accumulated other comprehensive income (loss)	(14,412)	250
Total stockholder's equity	346,208	1,051,965
Total liabilities and stockholder's equity	$ 2,477,724	$ 2,523,554

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See accompanying notes to consolidated financial statement

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Austin HoldCo Inc. and Subsidiaries

Consolidated Statements of Income (Loss)

(Amounts in thousands)

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Revenue	$ 1,601,012	$ 189,125	$ 1,115,825
Costs of revenue	1,086,012	126,703	800,272
Gross profit	515,000	62,422	315,553
Operating expenses:			
Selling, general and administrative expenses	367,270	157,280	272,917
Income (loss) from operations	147,730	(94,858)	42,636
Other income (expense):			
Interest income	263	20	728
Interest expense	(67,901)	(11,323)	(17,797)
Foreign currency transaction (losses) gains, net	6,892	(477)	4,454
Other, net	488	80	(11,459)
Total other expense	(60,258)	(11,700)	(24,074)
Income (loss) before income tax expense	87,472	(106,558)	18,562
Income tax expense (benefit)	32,295	(17,751)	26,890
Net income (loss)	55,177	(88,807)	(8,328)
Less: Series A Convertible Preferred Stock dividend and accretion			4,173
Net income (loss) available to common stockholders			$ (12,501)

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See accompanying notes to consolidated financial statements

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Austin HoldCo Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

(Amounts in thousands)

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Net income (loss)	$ 55,177	$ (88,807)	$ (8,328)
Other comprehensive income (loss):			
Foreign currency translation adjustment	(16,363)	216	10,652
Pension plan adjustment, net of tax effect of $0, $0, $0	(1,214)	2	1,570
Unrealized gain on effective cash flow hedges, net of tax effect of $741, $14, $3,450	2,915	32	12,118
Other comprehensive income (loss)	(14,662)	250	24,340
Comprehensive income (loss)	$ 40,515	$ (88,557)	$ 16,012

See accompanying notes to consolidated financial statements

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Austin HoldCo Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

(Amounts in thousands, except share amounts)

Predecessor	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at March 31, 2020	33,518,389	$ 335	(3,385,564)	$ (58,332)	$ 246,862	$ 293,831	$ (85,255)	$ 397,441
Proceeds from the exercise of stock options	54,661	—	—	—	975	—	—	975
Restricted stock units vested	153,500	2	—	—	(2)	—	—	—
Restricted stock units withheld for tax	—	—	—	—	(2,192)	—	—	(2,192)
Share-based compensation	—	—	—	—	14,059	—	—	14,059
Series A Convertible Preferred Stock dividends and accretion	—	—	—	—	—	(4,173)	—	(4,173)
Other comprehensive income (loss)	—	—	—	—	—	—	24,340	24,340
Net income	—	—	—	—	—	(8,328)	—	(8,328)
Balance at February 10, 2021	33,726,550	$ 337	(3,385,564)	$ (58,332)	$ 259,702	$ 281,330	$ (60,915)	$ 422,122

Successor	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance at February 11, 2021	—	$ —	$ —	$ —	$ —	$ —
Equity contribution	1000		1,140,522	—	—	1,140,522
Other comprehensive loss	—	—	—	—	250	250
Net income	—	—	—	(88,807)	—	(88,807)
Balance at March 31, 2021	1,000	—	1,140,522	(88,807)	250	1,051,965

Successor	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance at April 1, 2021	1,000	$ —	$ 1,140,522	$ (88,807)	$ 250	$ 1,051,965
Equity share redemption	(605)	—	(746,272)	—	—	(746,272)
Other comprehensive loss	—	—	—	—	(14,662)	(14,662)
Net income	—	—	—	55,177	—	55,177
Balance at March 31, 2022	395	—	394,250	(33,630)	(14,412)	346,208

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See accompanying notes to consolidated financial statements

Sensitivity: General

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Austin HoldCo Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Amounts in thousands)

	Successor		Predecessor
	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Cash flows from operating activities:			
Net income (loss)	$ 55,177	$ (88,807)	$ (8,328)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	94,607	9,495	29,768
Share-based compensation expense	—	—	14,059
Gain on redemption of equity method investment	—	—	(1,179)
Provision (recovery) for doubtful accounts	345	854	37
(Gain) loss on disposal of property and equipment	254	(20)	543
Impairment of operating lease right-of-use asset	—	810	1,413
Foreign currency transaction (gains) losses, net	(6,892)	477	(4,454)
Amortization of debt issuance cost	5,162	895	4,585
Loss on debt extinguishment	4,740	—	—
Deferred income taxes, net	(9,178)	(16,313)	4,672
Net changes in operating assets and liabilities, excluding the offset of acquisition			
Accounts receivable and unbilled receivable	(67,048)	(21,305)	58,373
Prepaid expenses and other current assets	(6,432)	1,874	10,319
Other long-term assets	1,658	1,540	2,675
Accounts payable	(36,070)	16,364	23,637
Accrued employee compensation and benefits	(4,259)	(6,465)	27,930
Accrued expenses and other current liabilities	27,110	5,236	14,165
Operating lease liabilities	205	893	(970)
Income taxes payable	(1,085)	(4,784)	12,750
Other long-term liabilities	2,043	(4,211)	2,520
Net cash provided by (used in) operating activities	60,337	(103,467)	192,515
Cash flows from investing activities:			
Proceeds from sale of property and equipment	281	35	11,904
Purchase of short-term investments	(3,529)	(32)	(42)
Proceeds from sale or maturity of short-term investments	—	—	9,001
Payment for asset acquisitions	—	—	(27)
Business acquisitions, net of cash acquired	—	(1,751,130)	—
Payment of deferred consideration related to business acquisitions	—	—	(10,313)
Purchase of property and equipment	(14,345)	(719)	(7,007)
Net cash (used in) provided by investing activities	(17,593)	(1,751,846)	3,516
Cash flows from financing activities:			
Proceeds from exercise of stock options	—	—	976
Proceeds from debt	720,000	900,000	—
Payment of debt issuance costs	(24,942)	(40,323)	(813)
Equity contribution	—	1,140,522	—
Equity share redemption	(746,272)	—	—
Proceeds from revolving credit facility	86,000	—	—
Payment of debt	(6,000)	—	(13,008)
Payment of contingent consideration related to acquisitions	(3,082)	(9,234)	(5,971)
Payments of withholding taxes related to net share settlements of restricted stock	—	—	(2,192)
Payment of revolving credit facility	(86,000)	—	(105,000)
Payment of dividend on Series A Convertible Preferred Stock	—	—	(4,184)
Net cash (used in) provided by financing activities	(60,296)	1,990,965	(130,192)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,514)	(1,534)	13,150
Net (decrease) increase in cash and cash equivalents and restricted cash	(19,066)	134,118	78,989
Cash, cash equivalents and restricted cash, beginning of period	134,118	—	291,601
Cash, cash equivalents and restricted cash, end of period	$ 115,052	$ 134,118	$ 370,590

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	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 54,417	$ 4,684	$ 25,196
Cash receipts from interest	$ 276	$ 21	$ 837
Cash paid for income tax	$ 43,981	$ 9,199	$ 7,967

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets:

	Successor	
	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021
Balance sheet classification		
Cash and cash equivalents	$ 114,002	$ 130,973
Restricted cash in current assets	1,028	3,085
Restricted cash in other long-term assets	22	60
Total restricted cash	$ 1,050	$ 3,145
Total cash, cash equivalents and restricted cash	$ 115,052	$ 134,118

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See accompanying notes to consolidated financial statements

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Sensitivity: General

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Austin HoldCo Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in thousands, except share amounts)

(1) Nature of the Business

Austin HoldCo Inc., (Parent) is the parent company of Virtusa Corporation (the "Company", "Virtusa", "we", "us" or "our"), a global provider of digital engineering and IT outsourcing services that accelerate business outcomes for our clients. The Company supports Global 2000 clients across key industries including banking, financial services, insurance, healthcare, communications, technology, and media and entertainment. The Company helps improve business performance through accelerating revenue growth, delivering compelling consumer experiences, improving operational efficiencies, and lowering overall IT costs. We provide services across the entire spectrum of the IT services lifecycle, from consulting to technology and user experience ("UX") design, development of IT applications, systems integration, digital engineering, testing and business assurance, and maintenance and support services, including cloud, infrastructure and managed services. The Company helps its clients solve critical business problems by leveraging a combination of our distinctive consulting approach, end-to-end digital engineering capabilities, unique platforming methodology, and deep domain and technology expertise.

For additional details see the Business Overview Section in Part I of this Annual Report.

On September 9, 2020, Virtusa Corporation entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Austin HoldCo Inc., a corporation organized under the laws of Delaware and an entity wholly-owned by funds affiliated with Baring Private Equity Asia, an investment firm principally managed and headquartered in Hong Kong and Singapore ("BPEA"); and Austin Bidco Inc. ("Sub"), a corporation organized under the laws of Delaware and a wholly-owned subsidiary of Parent, in connection with the acquisition of the Company by Parent for $51.35 in cash for each share of Virtusa common stock ("BPEA Transaction"). On February 11, 2021 ("Closing Date"), pursuant to the terms and conditions of the Merger Agreement, the BPEA Transaction was closed and the Company completed the merger with Sub. Pursuant to the Merger Agreement, in connection with the closing of BPEA Transaction, Sub was merged with and into Virtusa Corporation with Virtusa Corporation being the surviving entity as a wholly-owned subsidiary of Parent.

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(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

Austin HoldCo Inc., or Parent, is a holding company formed by funds affiliated with BPEA for the purpose of purchasing Virtusa Corporation and its subsidiaries. From the date of the BPEA Transaction through March 31, 2022, Virtusa Corporation and its subsidiaries are the only operating subsidiaries under Austin HoldCo Inc. In this annual report, any references to "we", "the Company", "us" and "our" refer to Virtusa Corporation and its subsidiaries for any period before February 11, 2021 and Austin HoldCo Inc. and its subsidiaries for any period on or after February 11, 2021.

The financial statements include the period from April 1, 2020 to February 10, 2021 ("2021 Predecessor Period"). The period from February 11, 2021 to March 31, 2021 ("2021 Successor Period") and the fiscal year ended March 31, 2022 ("2022 Successor Period") and includes Austin HoldCo Inc. transactions from the inception date (September 3, 2020) to March 31, 2021 and from April 1, 2021 to March 31, 2022.

The accompanying financial statements have been prepared on a consolidated basis and reflect the financial statements of Austin HoldCo Inc. and all of its subsidiaries that are directly or indirectly more than 50% owned or controlled. When the Company does not have a controlling interest in an entity, but exerts a significant influence on the entity, the Company applies the equity method of accounting. For those majority-owned subsidiaries that are not 100% owned by the Company, the interests of the minority owners are accounted for as noncontrolling interests.

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(b) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the recoverability of intangible and tangible assets, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Management re-evaluates these estimates on an ongoing basis. The most significant estimates relate to the recognition of revenue and profits based on the percentage of completion method of accounting for fixed-price contracts, income taxes, including reserves for uncertain tax positions, deferred taxes and liabilities, business combinations, intangible assets and valuation of financial instruments including derivative contracts and investments. Management bases its estimates on historical experience and on various other factors and assumptions that are believed to be reasonable under the circumstances. The actual amounts may vary from the estimates used in the preparation of the accompanying consolidated financial statements.

(c) Foreign Currency Translation

The functional currencies of the Company's non-U.S. subsidiaries are the local currency of the country in which the subsidiary operates except for Hungary, which uses the euro and certain Netherlands entities, which use the U.S. dollar. Operating and capital expenditures of the Company's subsidiaries located in India, Sri Lanka, the Netherlands, Australia, Canada, Singapore, Malaysia, the Philippines, Germany, Austria, Sweden and the United Kingdom, are denominated in their local currency which is the currency most compatible with their expected economic results. India and Sri Lanka local expenditures form the underlying basis for intercompany transactions which are subsequently conducted in both U.S. dollars and U.K. pounds sterling. U.K. client sales contracts are primarily conducted in U.K. pounds sterling.

All transactions and account balances are recorded in the functional currency. The Company translates the value of these non-U.S. subsidiaries' local currency denominated assets and liabilities into U.S. dollars at the rates in effect at the balance sheet date. Resulting translation adjustments are recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). The local currency denominated statement of income amounts are translated into U.S. dollars using the average exchange rates in effect during the period. Realized foreign currency transaction gains and losses are included in the consolidated statements of income. The Company's non-U.S. subsidiaries do not operate in "highly inflationary" countries.

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(d) Derivative Instruments and Hedging Activities

The Company enters into forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on intercompany transactions and forecasted transactions denominated in foreign currencies. The Company also enters into interest rate swaps to mitigate interest rate risk on the Company's variable rate debt. The Company designates derivative contracts as cash flow hedges and any ineffective portions if they satisfy the criteria for hedge accounting. Changes in fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income, net of taxes, until the hedged transactions occur and are then recognized in the consolidated statements of income (loss), the effective components are recognized in the same line item as the underlying and any ineffective components would be recognized as other income (expense). Changes in fair value of derivatives not designated as hedging instruments are recognized immediately in the consolidated statements of income.

With respect to derivatives designated as cash flow hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative will be highly effective in offsetting changes in fair values or cash flows of the hedged item. If the Company determines that a derivative or a portion thereof is not highly effective as a hedge, or if a derivative ceases to qualify for hedge accounting, the Company prospectively discontinues hedge accounting with respect to that derivative.

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(e) Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an initial maturity of three months or less from the date of purchase to be cash equivalents. At March 31, 2022, cash equivalents consisted of money market instruments and certificates of deposit. The Company had short-term and long-term restricted cash totaling $1,050 and $3,145 at March 31, 2022 and 2021, respectively. Restricted cash includes the restricted deposits with banks to secure the import of computer and other equipment and bank guarantees associated with the purchase of property and equipment of the Company's facilities in India.

(f) Investment Securities

The Company classifies its investment securities as available for sale securities and equity securities. These securities are classified as short-term investments and long-term investments on the consolidated balance sheet based on their maturity dates and are carried at fair market value. Any unrealized gains and losses on available for sale securities are reported in accumulated other comprehensive income (loss), net of tax, as a separate component of stockholders' equity unless the decline in value is deemed to be other-than-temporary, in which case, investments are written down to fair value and the loss is charged to the consolidated statements of income. Any unrealized gains and losses on equity securities are charged to the consolidated statements of income. The Company determines the cost of the securities sold based on the specific identification method.

The Company conducts a periodic review and evaluation of its investment securities to determine if the decline in fair value of any security is deemed to be other-than-temporary. Other-than-temporary impairment losses are recognized on securities when: (i) the holder has an intention to sell the security; (ii) it is more likely than not that the security will be required to be sold prior to recovery; or (iii) the holder does not expect to recover the entire amortized cost basis of the security. Other-than-temporary losses are reflected in earnings as a charge against gain on sale of investments to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. The Company has no intention to sell any securities in an unrealized loss position at March 31, 2022 nor is it more likely than not that the Company would be required to sell such securities prior to the recovery of the unrealized losses.

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(g) Business Combinations

The Company accounts for its business combinations under the acquisition method of accounting. The Company records the assets acquired and liabilities assumed, including any contingent consideration, based on their estimated fair values at the date of acquisition. The excess of the purchase price for acquisitions over the fair value of the net assets acquired, including other intangible assets, is recorded as goodwill.

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. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company has one reporting unit for purposes of the goodwill impairment review. ASC Topic 350, Intangibles – Goodwill and Other 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. In the quantitative goodwill impairment test, the amount of any goodwill impairment is measured by comparing the fair value of the reporting unit's goodwill to the carrying value of goodwill, with the resulting impairment charge reflected in operations.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. The estimates used to

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calculate the fair value of a reporting unit change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for each reporting unit. Historically and through March 31, 2022, the Company has concluded that it has one entity-wide reporting unit.. The Company completed the annual impairment test required during the fourth quarter of the fiscal year ended March 31, 2022 and determined that there was no impairment.

Other intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods appropriate for the type of intangible asset and reported separately from goodwill. Other intangible assets acquired in an asset acquisition are recognized using cost accumulation model. Intangible assets other than certain trademarks with indefinite lives are amortized over the estimated useful lives and are tested for impairment when events or circumstances occur that indicate that it is more likely than not that an impairment has occurred. The Company tests other intangible assets with definite lives for impairment by comparing the carrying amount to the sum of the net undiscounted cash flows expected to be generated by the asset whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying amount of the asset exceeds its net undiscounted cash flows, then an impairment loss is recognized for the amount by which the carrying amount exceeds its fair value.

(h) Fair Value of Financial Instruments

The Company uses a framework for measuring fair value under U.S. generally accepted accounting principles and enhanced disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company's financial assets and liabilities reflected in the consolidated financial statements at carrying value include marketable securities and other financial instruments which approximate fair value. Fair value for marketable securities is determined using a market approach based on quoted market prices at period end in active markets. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

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- Level 1—Quoted prices in active markets for identical assets or liabilities.

- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At March 31, 2022 and 2021, the carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, unbilled accounts receivable, restricted cash, accounts payable, accrued employee compensation and benefits, other accrued expenses and long-term debt, approximate their fair values due to the nature of the items. See Note 6 to the consolidated financial statements for further information of the fair value of the Company's other financial instruments.

(i) Concentration of Credit Risk and Significant Customers

Financial instruments which potentially expose the Company to concentrations of credit risk are primarily comprised of cash and cash equivalents, investments, derivatives, accounts receivable and unbilled accounts receivable. The Company places its cash, investments and derivatives in highly-rated financial institutions. The Company adheres to a formal investment policy with the primary objective of preservation of principal, which contains credit rating minimums

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and diversification requirements. Management believes its credit policies reflect normal industry terms and business risk. The Company does not anticipate non-performance by the counterparties and, accordingly, does not require collateral.

At March 31, 2022, one client accounted for more than 10% of gross accounts receivable and at March 31, 2021, no client accounted for 10% of gross accounts receivable. Revenue from significant clients as a percentage of the Company's consolidated revenue was as follows:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Customer A	17.2%	17.7%	18.6%

(j) Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their lease term or the estimated useful life of the related asset. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. Repair and maintenance costs are expensed as incurred.

(k) Long-Lived Assets

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The Company reviews the carrying value of its long-lived assets or asset groups with definite useful lives to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying value of an asset to the future net undiscounted cash flows directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value exceeds the fair value of the asset. The Company uses a discounted cash flow approach or other methods, if appropriate, to assess fair value.

Long-lived assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposal.

(l) Software Development Costs

The Company capitalizes internally developed software costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation and testing. Costs incurred during the preliminary project stage, along with post-implementation stages of internal use computer software, are expensed as incurred. Capitalized development costs are typically amortized over the estimated life of the software, typically three to ten years, using the straight-line method, beginning with the date that an asset is ready for its intended use. At March 31, 2022 and 2021, unamortized capitalized software development costs were approximately $0 and $184, respectively. These costs were recorded in property and equipment. For the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period respectively, amortization of capitalized software development costs amounted to approximately $184, $46 and $561 respectively.

The Company also capitalizes implementation costs incurred in a cloud computer hosting arrangement that is a service contract in the same manner as internally developed software. The Company amortizes the capitalized

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implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. At March 31, 2022 and 2021, unamortized implementation cost capitalized in a hosting arrangement, including work in progress, was approximately $4,838 and $9,108, respectively. These costs were recorded in other long-term assets. For the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period, respectively, amortization of capitalized hosting arrangement costs amounted to approximately $2,480, $72 and $464, respectively, was recorded in operating expenses.

(m) Income Taxes

Income taxes are accounted for using the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Changes to enacted tax rates would result in either increases or decreases in the provision for income taxes in the period of changes. The Company evaluates the realizability of deferred tax assets and recognizes a valuation allowance when it is more likely than not that all, or a portion of, deferred tax assets will not be realized.

The calculation of the Company's tax liabilities involves uncertainties in the application of complex tax regulations in multiple jurisdictions. The Company records liabilities for estimated tax obligations in the United States and other tax jurisdictions in which it has operations (see Note 13 to the consolidated financial statements). The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based upon the technical merits of the position. The tax benefit recognized in the financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Also, interest and penalties expense are recognized on the full amount of deferred benefits for uncertain tax positions. The Company's policy is to include interest and penalties related to unrecognized tax benefits in income tax expense.

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(n) Revenue Recognition

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenues are recognized when control of the promised services is transferred to its customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company generally recognizes revenue for services over time as the Company's performance creates or enhances an asset that the customer controls from fixed price contracts related to complex design, development and customization. For these contracts, the Company measures the progress and recognizes revenue using effort-based input methods, as the Company performs, based on actual efforts spent compared to the total expected efforts for the contract. The use of the effort based input method requires significant judgment relative to estimating total efforts, including assumptions relative to the length of time to complete the project and the nature and complexity of the work to be performed. Estimates of total efforts are continuously monitored during the term of the contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and efforts are determined, such adjustments are recorded in the period in which they are first identified. An input method is used to recognize revenue as the value of services provided to the customer is best represented by the hours expended to deliver those services.

The Company generally recognizes revenue for services over time where the Company performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date for fixed-price contracts related to consulting or other IT services. For these contracts, we measure the progress and recognize revenue using effort-based input methods as we perform based on actual efforts spent

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compared to the total expected efforts for the contract. The cumulative impact of any change in estimates of the contract revenue is reflected in the period in which the changes become known.

The Company generally recognizes revenue for time and material contracts over time as the customer simultaneously receives and consumes the benefits as the Company performs services. The Company either applies the as-invoiced practical expedient to recognize revenues for services rendered on time and material basis, or a method that is otherwise consistent with the way in which value is delivered to the customer.

The Company generally recognizes revenue from fixed-price applications management, maintenance, or support engagements over time as customers receive and consume the benefits of such services and has applied the as-invoiced practical expedient to recognize revenue for services the Company renders to customers based on the amount the Company has a right to invoice, which is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized on a straight-line basis unless revenues are earned and obligations are fulfilled in a different pattern.

Contracts are often modified to account for changes in contract specification and requirements. The Company considers a contract modification when the modification either creates new or changes the existing enforceable rights and obligations. The accounting for modifications involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Certain customers may receive discounts, incentive payments or service level credits. A portion of the revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any revenue will not occur. The Company estimates these amounts based on the expected amount to be provided to customers and adjusts revenues recognized. The Company's estimates the amount of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of the Company's anticipated performance and all information that is reasonably available to us.

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From time to time, the Company may enter into contracts with customers that include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on an expected cost plus a margin approach.

The Company's warranties generally provide a customer with assurance that the related deliverable will function as the parties intended because it complies with agreed-upon specifications and is therefore not considered as an additional performance obligation in the contract.

When the Company receives consideration from a customer prior to transferring services to the customer under the terms of a contract, the Company records deferred revenue, which represents a contract liability. The Company recognizes deferred revenue as revenue after the Company has transferred control of the services to the customer and all revenue recognition criteria are met. Unbilled accounts receivable represent revenue earned on contracts to be billed, in subsequent periods, as per the terms of the related contracts.

The Company's payment terms vary by the type and location of its customers. The term between invoicing and when payment is due is not significant. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is one year or less.

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Revenue includes reimbursements of travel and out-of-pocket expenses, with equivalent amounts of expense recorded in costs of revenue, of $23,731, $367 and $1,621 for the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, respectively.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction (e.g. sales tax) is excluded from the Company's assessment of transaction prices.

Costs to Obtain and Fulfill

The Company's costs to obtain contracts are generally expensed as incurred, as the liability is not solely a result of obtaining the contract. The costs to obtain contracts are triggered by multiple conditions such as being contingent on future performance, including continued employment and revenue recognized associated with the contract.

The Company's recurring operating costs for contracts with customers are recognized as expense as incurred. Certain eligible costs incurred in the initial phases of the Company's application maintenance, business process outsourcing and infrastructure services contracts (i.e., set-up or transition costs) are capitalized when such costs (1) relate directly to the contract, (2) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future, and (3) are expected to be recovered. These costs are expensed ratably over the estimated life of the customer relationship, including expected renewals. In determining the estimated life of the customer relationship, the Company evaluates the contract term, the expected life of the enhanced assets as well as the rate of technological and industry change. Capitalized amounts are monitored regularly for impairment. Impairment losses are recorded when projected remaining undiscounted operating cash flows are not sufficient to recover the carrying amount of the capitalized costs to fulfill. As of March 31, 2022 and 2021, the costs to fulfill contracts capitalized were $3,513 and $0, respectively.

(o) Costs of Revenue and Operating Expenses

Costs of revenue consist principally of salaries, employee benefits and share-based compensation expense, reimbursable and non-reimbursable travel costs, subcontractor fees, and immigration related expenses for IT professionals. Selling and marketing expenses are charged to operating expenses as incurred. Selling and marketing expenses are those expenses associated with promoting and selling the Company's services and include such items as sales and marketing personnel salaries, stock compensation expense and related fringe benefits, commissions, travel, and the cost of advertising and other promotional activities. Advertising and promotional expenses incurred were approximately $712, $120 and $710 for the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period, respectively.

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General and administrative expenses include other operating items such as officers' and administrative personnel salaries, share-based compensation expense and related fringe benefits, legal and audit expenses, public company related expenses, insurance, facility costs, provision for doubtful accounts, depreciation and amortization, including amortization of purchased intangibles and operating lease expenses.

(p) Other Income (Expense)

Other income (expense) includes interest income, interest expense, investment gains and losses, foreign currency transaction gains and losses and disposal of fixed assets. We generate interest income by investing in time deposits, money market instruments, short term investments and long-term investments. We incur interest expense primarily from our long-term debt and amortization of our debt issuance cost. The functional currencies of our subsidiaries are their local currencies, except for Hungary which operates in the euro and certain Netherlands entities which operate in the U.S. dollar. Foreign currency gains and losses are generated primarily by fluctuations of the Indian rupee, Sri Lankan rupee, euro, U.K. pound sterling and the Singapore dollar, against the U.S. dollar on intercompany transactions. This includes fluctuations on an Indian rupee denominated intercompany note in a U.S. dollar functional currency entity in the Netherlands that was put in place as part of the structuring of the Polaris acquisition. At March 31, 2022, the approximate value of the intercompany note was $89,962 (Indian rupee 6,800,000).

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(q) Share-Based Compensation

Share-based compensation cost is determined by estimating the fair value at the grant date of the Company's common stock and expensing the total compensation cost on a straight-line basis over the requisite employee service period or for grants issued with performance conditions, on a graded-vesting basis over the requisite employee service period.

Phantom awards are cash-settled awards that are contingent upon meeting certain equity returns and a liquidation event. As a result of the cash-settlement feature of these awards, the Company considers these awards to be liability awards, which are measured at fair value using the Black-Scholes model at each reporting date. To the extent that the performance conditions are deemed probable, the vested awards will be recognized as a liability.

(r) Allowance for Credit Losses

The allowance for credit losses on accounts receivable 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 Company calculates expected credit losses for accounts receivable based on historical credit loss rates for each aging category as adjusted for the current market conditions and forecasts about future economic conditions.

(s) Leases

The Company's leased assets primarily consist of operating leases for office space, equipment and vehicles. At the inception of a contract, the Company determines whether a contract contains a lease, and if a lease is identified, whether it is an operating or finance lease. In determining whether a contract contains a lease, the Company considers whether (1) it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the term of the contract, (2) it has the right to direct how and for what purpose the asset is used throughout the term of the contract and (3) it has the right to operate the asset throughout the term of the contract without the lessor having the right to change the terms of the contract. The Company leases vehicles in certain locations primarily as an employee benefit and these leases are classified as either operating or finance leases. The Company does not have finance leases that are material to the Company's consolidated financial statements. Some of the Company's lease agreements contain both lease and non-lease components. The Company separates lease components from non-lease components for all the Company's lease assets. The consideration in the lease contract is allocated to the lease and non-lease components based on the estimated standalone prices. The Company's lease agreements, mainly for office space, may include options to extend or terminate the lease before the expiration date. The Company includes such options when determining the lease term when it is reasonably certain that the Company will exercise that option.

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A portion of the leases for office space contain certain charges for additional rent expenses that are variable. Due to this variability, the cash flows associated with these charges are not included in the minimum lease payments used in determining the right-of-use ("ROU") lease assets and associated lease liabilities.

The Company's ROU lease assets represent the Company's right to use an underlying asset for the lease term and may include any advance lease payments made and any initial direct costs and exclude lease incentives. The Company's lease liabilities represent the Company's obligation to make lease payments arising from the contractual terms of the lease. ROU lease assets and lease liabilities are recognized at the commencement of the lease and are calculated using the present value of lease payments over the lease term. The Company's operating lease agreements do not provide enough information to arrive at an implicit interest rate. Therefore, the Company uses its estimated incremental borrowing rate based on information available at the commencement date of the lease to calculate the present value of the lease payments. The Company determines the incremental borrowing rate on a lease-by-lease basis by developing an estimated borrowing

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rate of the Company for a fully collateralized obligation with a term similar to the lease term and adjusts the rate to reflect the incremental risk associated with the currency in which the lease is denominated.

(t) Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Unless otherwise discussed below, the adoption of new accounting standards did not have an impact on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as step up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction, ownership changes in investments, and interim-period accounting for enacted changes in tax law. The standard will be effective for nonpublic entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company early adopted this standard during the three months ended September 30, 2021. The adoption of this standard did not have any impact on the consolidated financial statements.

New Accounting Pronouncements

Unless otherwise discussed below, the Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial statements.

(3) Business Combinations

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On September 9, 2020, the Company entered into an Agreement and Plan of Merger, by and among Austin HoldCo Inc., an entity wholly-owned by funds affiliated with Baring Private Equity Asia, and Austin Bidco Inc., a wholly-owned subsidiary of Parent, formed in connection with the acquisition of the Company by Parent for $51.35 in cash for each share of Virtusa common stock. On February 11, 2021, pursuant to the terms and conditions of the Merger Agreement, the BPEA Transaction was closed and the Company merged with Sub. Pursuant to the Merger Agreement, Sub was merged with and into the Virtusa Corporation, with Virtusa Corporation being the surviving entity as a wholly-owned subsidiary of Parent.

Austin HoldCo Inc., or Parent, is a holding company formed by funds affiliated with BPEA for the purpose of purchasing Virtusa Corporation and its subsidiaries. From the date of the BPEA Transaction through March 31, 2022, Virtusa Corporation and its subsidiaries are the only operating subsidiaries under Austin HoldCo Inc.

Under the purchase method of accounting, the total purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The Company may continue to adjust the preliminary estimated fair values regarding all assets acquired and liabilities assumed during the one-year measurement period. During the fiscal year ended March 31, 2022, the Company recorded $80,444 as an increase of goodwill related to updating the fair value assessment of customer relationships and trademarks, leasehold land, uncertain tax positions and other long-term liabilities. The Company has completed the purchase price allocation during the one-year measurement period.

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Austin HoldCo Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in thousands, except share amounts)

A summary of the fair values of assets and liabilities based on information available as of March 31, 2022 is as follows:

		Amount	Useful Life
Consideration Transferred:			
Cash paid to Shareholders	$	1,713,663	
Repayment of historical indebtedness		381,961	
Fair value of stock awards consideration		26,096	
Total consideration transferred		2,121,720	
Less: net of cash acquired*		(370,590)	
Business acquisition, net of cash acquired	$	1,751,130	
Assets and liabilities:			
Cash and cash equivalents	$	367,812	
Short-term investments		778	
Accounts receivables and unbilled receivables		242,592	
Prepaid and other current assets		77,825	
Property and equipment, net		125,760	
Operating lease right-of-use assets		62,884	
Deferred income taxes		13,383	
Other long-term assets		27,492	
Trademarks		170,000	Indefinite
Intangible assets		910,000	15 years
Goodwill		775,558	
Total assets acquired	$	2,774,084	
Accounts payable	$	(63,058)	
Accrued employee compensation and benefits		(115,883)	
Accrued expenses and other		(100,077)	
Operating lease liabilities		(11,443)	
Income taxes payable		(17,989)	
Deferred income taxes		(269,334)	
Operating lease liabilities, non-current		(32,474)	
Long-term liabilities		(42,106)	
Total liabilities assumed	$	(652,364)	
Total purchase price	$	2,121,720	

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*includes restricted cash of $2,778, of which $2,676 is included in prepaid and other current assets and $102 is included in other long-term assets.

During the 2021 Successor period, the Company incurred approximately $15,108 as transaction costs in connection with the BPEA Transaction and these costs are recorded in selling, general and administrative expenses.

As per the terms of the Merger Agreement, effective February 11, 2021, all of the Company's outstanding equity awards were cancelled and replaced with a conditional right ("Cash Replacement Award") to receive an amount equal to the product of the number of equity awards outstanding multiplied by $51.35, less any exercise price per share, if any, on the Closing Date.

The cash consideration for the Cash Replacement Award was split into two components of which 70% was paid to the employees upon the closing and the remaining 30% would be paid at the earlier of (a) the applicable vesting date of the equity award, (b) the date that is 12 months following the Closing Date or (c) if applicable, the date that is 60 days after the date the holder's employment is terminated by the Company without "cause" (as defined in the Merger Agreement) or by the holder for "good reason" (as defined in the Merger Agreement). During the fiscal year ended March

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31, 2022, the Company recorded $10,971 cash compensation related to these Cash Replacement Award. As of March 31, 2022, the Company has no liability outstanding related to the Cash Replacement Award.

(4) Goodwill and Intangible Assets

Goodwill:

The following are details of the changes in goodwill balance:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Beginning balance	$ 695,114	$ —	$ 296,493
Goodwill arising from acquisitions	—	695,114	—
Purchase price adjustment	80,444	—	(5,942)
Foreign currency translation adjustments	—	—	4,874
Ending balance	$ 775,558	$ 695,114	$ 295,425

As of March 31, 2022, the acquisition costs and goodwill balance deductible for the business acquisitions for tax purposes related to the Predecessor acquisitions are $98,962. As of March 31, 2022, the goodwill balance not deductible for tax purposes is $775,558 and related to the BPEA Transaction.

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Intangible Assets:

The following are details of the Company's intangible asset carrying amounts acquired and amortization at:

	March 31, 2022			
	Weighted Average Useful Life at Acquisition	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:				
Customer relationships	15.0	$ 905,300	85,918	819,382
Trademark	Indefinite	170,000	—	170,000
		$1,075,300	85,918	989,382

	March 31, 2021			
	Weighted Average Useful Life at Acquisition	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:				
Customer relationships	15.0	$ 958,389	$ 7,123	$ 951,266
Trademark	Indefinite	214,951	—	214,951
	15.0	$ 1,173,340	$ 7,123	$ 1,166,217

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The Company's amortization expense related to intangible assets acquired was $79,182, $7,123 and $16,181 for the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, respectively. The components included in the gross carrying amounts of amortization expense as of March 31, 2022 and 2021 reflect the BPEA Transaction. The intangible assets are being amortized using the most appropriate economic pattern of consumption over their estimated useful lives.

During the Predecessor fiscal year ended March 31, 2020, the Company acquired certain assets of three consulting companies located in the United States, which were accounted as asset acquisitions and were not material to the Company. The purchase price was approximately $9,651 in cash and an additional earn-out consideration of up to $9,853 payable within one year based on achievement of certain revenue targets. During the fiscal year ended March 31, 2022 and 2021 Predecessor Period, the Company paid $3,841 and $3,776 towards earn-out consideration based on achievement of revenue targets.

The estimated amortization expense related to the purchased intangible assets listed in the table above at March 31, 2022 is as follows for the following fiscal years:

Fiscal year	Amount
2023	$ 81,811
2024	85,825
2025	88,851
2026	90,185
2027	81,506
Thereafter	391,204
Total	$ 819,382

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(5) Investment Securities

At March 31, 2022 and 2021, all of the Company's investment securities were classified as available-for-sale debt securities, time deposits and equity securities. These were carried on its balance sheet at their fair market value. A fair market value hierarchy based on three levels of inputs was used to measure each security (See Note 6 to our consolidated financial statements for a discussion of the fair value of the Company's other financial instruments).

The following is a summary of investment securities at March 31, 2022:

	Successor			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Time Deposits:				
Current	$ 3,440	$ —	$ —	$ 3,440
Equity securities:				
Mutual funds:				
Current	630	163	—	793
Equity Shares/ Options:				
Non-current	1	62	—	63
Total investment securities	$ 4,071	225	$ —	$ 4,296

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Austin HoldCo Inc. and Subsidiaries
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The following is a summary of investment securities at March 31, 2021:

	Successor			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Time Deposits:				
Current	$ —	$ —	$ —	$ —
Equity securities:				
Mutual funds:				
Current	650	129	—	779
Equity Shares/ Options:				
Non-current	1	49	—	50
Total investment securities	$ 651	$ 178	$ —	$ 829

The Company evaluates investments with unrealized losses to determine if the losses are other than temporary. In making this determination, the Company considered the financial condition, credit ratings and near-term prospects of the issuers, the underlying collateral of the investments, and the magnitude of the losses as compared to the cost and the length of time the investments have been in an unrealized loss position. Additionally, while the Company classifies the securities as available for sale, the Company does not currently intend to sell such investments and it is more likely than not that the Company will not be required to sell such investments prior to the recovery of their carrying value.

At March 31, 2022 and 2021, there were no investment securities owned by the Company for which the fair value was less than the carrying value for a period greater than 12 months.

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Available-for-sale debt securities, time deposits and equity securities by contractual maturity were as follows:

	Successor
	March 31, 2022
Due in one year or less	$ 4,233
Due after 1 year through 5 years	63
Due after 5 years	—
Total	$ 4,296

The Company evaluates available-for-sale debt securities with unrealized losses to determine whether a credit loss exists. The estimate of credit loss is determined by considering available information relevant to the collectability of the security and information about past events, current conditions, and reasonable and supportable forecasts. The allowance for credit loss is recorded as a charge to other income (expense), not to exceed the amount of the unrealized loss. Any excess unrealized loss greater than the credit loss is recognized in accumulated other comprehensive income ("AOCI"). We assess expected credit losses at the end of each reporting period and adjust the allowance through other income (expense). The Company does not hold any available-for-sale debt securities as of March 31, 2022 and 2021.

Proceeds from sales of available-for-sale debt securities and equity securities and the gross gains and losses that have been included in earnings as a result of those sales were as follows:

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Austin HoldCo Inc. and Subsidiaries
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	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Proceeds from sales or maturities of available-for-sale debt securities and equity securities	$ —	$ —	$ 9,001
Gross gains	$ —	$ —	$ 176
Gross losses	—	—	—
Net realized gains on sales of available-for-sale debt securities and equity securities	$ —	$ —	$ 176

(6) Fair Value of Financial Instruments

The Company carries certain assets and liabilities at fair value on a recurring basis on its consolidated balance sheets. The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2022.

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Time deposits—current	$ —	$ 3,440	$ —	$ 3,440
Equity securities—current	—	793	—	793
Equity securities—non-current	—	63	—	63
Derivative financial instruments:				
Foreign currency derivative contracts—current	—	3,494	—	3,494
Foreign currency derivative contracts—non-current	—	532	—	532
Interest rate swap contracts	—	—	—	—
Total assets	$ —	$ 8,322	$ —	$ 8,322
Liabilities:				
Foreign currency derivative contracts—current	—	336	—	336
Foreign currency derivative contracts—non-current	—	1	—	1
Interest rate swap contracts—non-current	—	—	—	—
Contingent consideration	—	—	2,902	2,902
Total liabilities	$ —	$ 337	$ 2,902	$ 3,239

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The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2021.

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Time deposits—current	$ —	$ —	$ —	$ —
Equity securities—current	—	779	—	779
Equity securities—non-current	—	50	—	50
Derivative financial instruments:				
Foreign currency derivative contracts—current	—	1,707	—	1,707
Foreign currency derivative contracts—non-current	—	19	—	19
Interest rate swap contracts	—	—	—	—
Total assets	$ —	$ 2,555	$ —	$ 2,555
Liabilities:				
Foreign currency derivative contracts—current	—	1,001	—	1,001
Foreign currency derivative contracts—non-current	—	49	—	49
Interest rate swap contracts—non-current	—	—	—	—
Contingent consideration	—	—	7,125	7,125
Total liabilities	$ —	$ 1,050	$ 7,125	$ 8,175

The Company estimates the fair value of our contingent consideration associated with our business combinations utilizing one or more significant inputs that are unobservable. The Company calculates the fair value of the contingent consideration based on the probability-weighted expected performance of the acquired business against the target performance metric, discounted to present value when appropriate.

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The following table shows a reconciliation of the beginning and ending balances of Level 3 contingent consideration liabilities associated with our business combinations:

	Successor		Predecessor
	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Beginning balance	$ 7,125	$ 16,348	$ 25,012
Purchase price adjustments	—	—	(4,178)
Payments made during the period	(3,841)	(10,459)	(4,051)
Contingent consideration recognized in earnings	(263)	1,236	(453)
Foreign currency translation adjustments	(119)	—	18
Ending balance	$ 2,902	$ 7,125	$ 16,348

(7) Leases

The following table provides information on the components of the Company's operating leases included in the consolidated balance sheets:

		Successor	
Leases	**Location on Consolidated Balance Sheets**	**March 31, 2022**	**March 31, 2021**
Assets:			
Operating lease assets *	Operating lease right-of-use assets	$ 50,231	$ 44,290
Liabilities:			
Current			
Operating lease liabilities	Operating lease liabilities	$ 8,657	$ 11,424
Noncurrent			
Operating lease liabilities	Operating lease liabilities, noncurrent	$ 24,241	$ 32,796
	Total	$ 32,898	$ 44,220

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* Includes $ 17,303 related to a freehold leased land located in Hyderabad.

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Austin HoldCo Inc. and Subsidiaries
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(Amounts in thousands, except share amounts)

The following table provides the components of lease expense related to our operating leases:

		Successor		Predecessor
		Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	Location on Consolidated Statements of Income (Loss)	2022	2021	2021
Operating lease cost:				
Operating lease cost	Selling, general and administrative expenses	$ 14,677	$ 2,052	$ 11,839
Variable lease cost	Selling, general and administrative expenses	$ 66	$ 18	$ 74
Short-term lease cost	Selling, general and administrative expenses	$ 491	$ 81	$ 505
Less: Sublease income	Selling, general and administrative expenses	$ (413)	$ (57)	$ (541)
Total operating lease cost		$ 14,821	$ 2,094	$ 11,877

The following table provides supplemental cash flow information related to our operating leases:

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	Successor		Predecessor
	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used for operating leases	$ 14,161	$ 2,028	$ 13,394
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 4,425	$ 167	$ 3,855

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Austin HoldCo Inc. and Subsidiaries
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(Amounts in thousands, except share amounts)

The Company's leases have remaining lease terms ranging from 1 year to 9 years. The following table provides information on the weighted average remaining lease term and weighted average discount rate related to our operating leases:

	Successor	
	March 31, 2022	March 31, 2021
Weighted average remaining lease term, in years:		
Operating leases	4.91	4.99
Weighted average discount rate:		
Operating leases	7.28 %	7.66 %

There were no lease agreements that contained restrictive covenants or material residual value guarantees as of March 31, 2022.

The following table provides the schedule of maturities of the Company's operating lease liabilities, under ASC Topic 842, as of March 31, 2022:

	Operating leases
	March 31, 2022
2023	$ 10,559
2024	7,376
2025	5,942
2026	5,331
2027	4,036
2028 and thereafter	5,630
Total lease payments	$ 38,874
Less: Interest	5,976
Total lease liabilities	$ 32,898

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Austin HoldCo Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in thousands, except share amounts)

(8) Revenues

The table below presents disaggregated revenues from the Company's contracts with customers by geography, industry groups, service offerings and contract-type. The Company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

	Successor		Predecessor
Revenue by geography:	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
North America	$ 1,147,581	$ 137,266	$ 823,609
Europe	302,930	33,953	191,631
Rest of World	150,501	17,906	100,585
Consolidated revenue	$ 1,601,012	$ 189,125	$ 1,115,825

	Successor		Predecessor
Revenue by customer's industry groups:	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Banking, Financial Services and Insurance	$ 894,341	$ 101,694	$ 610,002
Communications and Technology	342,024	41,745	261,659
Media & Information and Other	118,935	14,265	88,167
Healthcare	245,712	31,421	155,997
Consolidated revenue	1,601,012	$ 189,125	$ 1,115,825

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	Successor		Predecessor
Revenue by service offerings:	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Application outsourcing	$ 934,024	$ 105,270	$ 622,376
Consulting	666,988	83,855	493,449
Consolidated revenue	$ 1,601,012	$ 189,125	$ 1,115,825

	Successor		Predecessor,
Revenue by contract type:	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Time-and-materials	$ 840,412	$ 99,104	$ 605,171
Fixed-price*	760,600	90,021	510,654
Consolidated revenue	$ 1,601,012	$ 189,125	$ 1,115,825

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Austin HoldCo Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in thousands, except share amounts)

*Fixed-price includes both retainer-billing basis and fixed-price progress towards completion

Receivables and Contract Balances

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional (i.e., only the passage of time is required before payment is due). The Company presents such receivables in accounts receivable or unbilled accounts receivable, in its consolidated statements of financial position at their net estimated realizable value.

Contract assets included in unbilled accounts receivable are recorded when services have been provided but the Company does not have an unconditional right to receive consideration. Contract assets are primarily related to unbilled amounts on fixed-price contracts utilizing the input method of revenue recognition. The timing between services rendered and timing of payment is less than one year. The Company recognizes an impairment loss when the contract carrying amount is greater than the remaining consideration receivable, less directly related costs to be incurred.

The table below shows significant movements in contract assets:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Beginning balance	$ 9,579	$ 16,086	$ 14,241
Revenues recognized during the period but not yet billed	93,070	14,786	76,824
Amounts billed	(88,383)	(21,277)	(75,026)
Other	(147)	(16)	47
Ending balance	$ 14,119	$ 9,579	$ 16,086

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Contract liabilities comprise amounts billed to customers for revenues not yet earned. Such amounts are anticipated to be recorded as revenues when services are performed in subsequent periods.

The table below shows significant movements in the deferred revenue balances:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Beginning balance	$ 4,732	$ 9,530	$ 8,054
Amounts billed but not yet recognized as revenues	16,862	1,786	9,736
Revenues recognized related to the opening balance of deferred revenue	(4,288)	(6,325)	(7,062)
Other	(113)	(259)	(221)
Ending balance	$ 17,193	$ 4,732	$ 10,507

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Remaining Performance Obligation

ASC Topic 606 - Revenue from Contracts with Customers requires that the Company discloses the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of March 31, 2022. This disclosure is not required for:

(1) contracts with an original duration of one year or less, including contracts that can be terminated for convenience without a substantive penalty,
(2) contracts for which the Company recognizes revenues based on the right to invoice for services performed,
(3) variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation in accordance with ASC 606-10-25-14(b), for which the criteria in ASC 606- 10-32-40 have been met, or
(4) variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Many of the Company's performance obligations meet one or more of these exemptions. As of March 31, 2022, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above, was $11,799 and will be recognized as revenue within 3 years.

Costs to Obtain and Fulfill

The Company's costs to obtain contracts are generally expensed as incurred, as the liability is not solely a result of obtaining the contract. The costs to obtain contracts are triggered by multiple conditions such as being contingent on future performance, including continued employment and revenue recognized associated with the contract.

The Company's recurring operating costs for contracts with customers are recognized as expense as incurred. Certain eligible costs incurred in the initial phases of the Company's application maintenance, business process outsourcing and infrastructure services contracts (i.e. set-up or transition costs) are capitalized when such costs (1) relate directly to the contract, (2) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future, and (3) are expected to be recovered. These costs are expensed ratably over the estimated life of the customer relationship, including expected renewals. In determining the estimated life of the customer relationship, the Company evaluates the contract term, the expected life of the enhanced assets as well as the rate of technological and industry change. Capitalized amounts are monitored regularly for impairment. Impairment losses are recorded when projected remaining undiscounted operating cash flows are not sufficient to recover the carrying amount of the capitalized costs to fulfill.

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The following table presents information related to the capitalized costs to fulfill, such as set-up or transition activities, for the fiscal years ended March 31, 2022:

	Year Ended March 31,2022
Balance at April 1, 2021	$ —
Costs capitalized	4,076
Amortization expense	(406)
Foreign currency translation adjustments	(157)
Balance at March 31, 2022	$ 3,513

Costs to fulfill are recorded in "Other current assets" and "Other long-term assets" in the consolidated balance sheets.

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Allowance for Credit Losses on Accounts Receivable

The allowance for credit losses on accounts receivable 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 Company calculates expected credit losses for accounts receivable based on historical credit loss rates for each aging category as adjusted for the current market conditions and forecasts about future economic conditions. The allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The following table presents the activity in the allowance for credit losses on accounts receivable:

	Successor		Predecessor
	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Beginning balance	$ 1,059	$ 221	$ 1,541
Transition period adjustment on accounts receivable pursuant to ASC 326	—	—	—
Adjusted balance	1,059	221	1,541
Current-period provision/ (reversal) for expected credit losses	385	854	37
Write-offs charged against the allowance	(40)	—	(482)
Foreign currency translation adjustments	(46)	(16)	47
Closing balance	$ 1,358	$ 1,059	$ 1,143

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(9) Property and Equipment

Property and equipment and their estimated useful lives in years consist of the following:

	Estimated Useful Life (Years)	Successor	
		March 31, 2022	March 31, 2021
Computer and other equipment	3 - 5	$ 33,123	$ 19,249
Furniture and fixtures	7	6,217	4,950
Vehicles	3 - 5	328	163
Software	3 - 10	772	919
Leasehold improvements	Shorter of the lease period or estimated useful life	5,548	5,290
Buildings	15 - 30	42,560	36,802
Land		48,558	55,882
Capital work-in-progress		1,531	2,159
		$ 138,637	$ 125,414
Less—accumulated depreciation and amortization		16,890	1,981
Property and equipment, net		$ 121,747	$ 123,433

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Depreciation and amortization expense for the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, respectively, was $15,427, $2,372 and $13,587 respectively. Capital work-in-progress represents advances paid towards the acquisition of property and equipment, and the cost of property and equipment including internally developed software not placed in service before the balance sheet date.

(10) Accrued Expenses and Other

Accrued expenses and other consists of the following:

	Successor	
	March 31, 2022	March 31, 2021
Accrued other taxes	$ 16,629	$ 19,920
Accrued professional fees	30,798	18,555
Acquisition related liabilities	6,102	4,673
Hedge liability	336	1,198
Accrued discounts and advance from customers	40,913	34,266
Accrued employee travel and other expense	1,110	2,956
Accrued interest	7,433	6,319
Accrued others	2,959	4,283
Total	$ 106,280	$ 92,170

(11) Debt

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On February 11, 2021, in connection with the BPEA Transaction, the Company entered into a credit agreement (the "Credit Agreement"), for senior secured credit facility consisting of $600,000 in first lien term loan ("Term Loan") and a $125,000 revolving credit facility ("Revolver", together with the Term Loan, "Credit Facility") with Bank of America, N.A., and other lenders. The Term Loan has a maturity of 7 years from the Closing Date, with a 1.0% per annum amortization schedule. Interest under the Term Loan accrues at a rate per annum of LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA. In addition, at any time prior to August 11, 2021, the Company had the right to refinance or reprice the Term Loan provided that the Company pays a premium of 1.00% of the aggregate principal amount of the Term Loans outstanding immediately prior to such refinancing or repricing to the existing lenders. The Revolver has a maturity of five years from the Closing Date. Interest under the Revolver accrues at a rate per annum of LIBOR with a 0.0% floor plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA.

On September 28, 2021, the Company entered into an Amendment No. 1 to the Credit Agreement with Bank of America N.A., and other lenders. The amendment reduces the interest rate under the Term loan from LIBOR with a floor of 0.75% plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA to a LIBOR with a floor of 0.75% plus a flat rate of 3.75%, and reduces the interest rate under Revolver from LIBOR with a 0.0% floor plus 4.25%, subject to a step-down based on the Company's ratio of debt to EBITDA to LIBOR with a 0.0% floor plus a flat rate of 3.75%. No other terms of the Credit Facility were modified. In accordance with the guidance of ASC Subtopic 470-50, Debt Modifications and Extinguishments, the Company recorded $4,740 as a loss on debt extinguishment and incurred $2,940 as third-party financing fees, of which $469 was capitalized as part of the debt issuance costs. The loss on debt extinguishment was comprised of a write-off of unamortized debt issuance costs related to the lenders that had significant changes in cash flows. The Company presented these costs in interest expense in its consolidated statement of income during the fiscal year ended March 31, 2022.

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Additionally, in connection with the BPEA Transaction, on December 17, 2020, the Company issued to qualified institutional buyers $300,000 in senior unsecured notes, which mature on December 15, 2028 ("Senior Notes"). Interest under the Senior Notes accrues at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2021. The Company has the option to redeem all or a portion of the Senior Notes at any time on or after December 15, 2023 at the redemption prices set forth under the terms and conditions of the Senior Notes. In addition, at any time prior to December 15, 2023, the Company may redeem all or a portion of the Senior Notes at a price equal to 100.0% of the principal amount of such Senior Notes plus accrued and unpaid interest and a make-whole premium under the terms and conditions of the Senior Notes. The Company may also, at any time prior to December 15, 2023, redeem up to 40.0% of the aggregate principal amount of the notes with an amount equal to the net proceeds of certain equity offerings at the redemption price set forth under the terms and conditions of the Senior Notes plus accrued and unpaid interest to the redemption date.

On February 15, 2022, we entered into an Amendment No. 2 to the Credit Agreement to borrow an additional $670,000 and permit an increase in our dividend or distribution capacity by $50,000. Interest under Amendment No. 2 accrues at a rate per annum of SOFR with a floor rate of 0.75% plus flat rate of 3.75%.

On February 15, 2022, we issued additional Senior Notes worth $50,000, and these notes mature on December 15, 2028. Interest under the existing and additional notes accrue at a rate per annum of 7.125%, payable semi-annually on June 15 and December 15 of each year.

The proceeds from Amendment No.2, additional senior notes and, operating cash were used to fund a return on capital to our shareholders and to pay fees and expenses in connection with the offering and amendment to Senior Secured Credit Facilities. We have incurred approximately $24,473 as fees and expenses in this regard. We have paid $746,272 as a return of capital to BPEA.

During the fiscal year ended March 31, 2022, the Company drew down $86,000 from the Revolver and repaid $86,000 to the Revolver. At March 31, 2022, the total outstanding amounts under the Term Loan and Senior Notes were $1,264,000 and $350,000, respectively. As of March 31, 2022, the interest rates on the Term Loan and Senior Notes were 4.5% and 7.125%, respectively.

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The Credit Facility is secured by substantially all of the Company's assets, including all intellectual property and all securities in domestic subsidiaries (other than certain domestic subsidiaries where the material assets of such subsidiaries are equity in foreign subsidiaries), subject to customary exceptions and exclusions from the collateral. All obligations under the Credit Facility are unconditionally guaranteed by the Company's parent company as well as substantially all of the Company's material direct and indirect domestic subsidiaries, with certain exceptions. These guarantees are secured by substantially all of the present and future property and assets of the guarantors, with certain exclusions. At March 31, 2022, the Company is in full compliance with all covenants set forth in our Credit Facility.

Current portion of long-term debt

The following summarizes our short-term debt balance as of:

	Successor	
	March 31, 2022	March 31, 2021
Current– Term Loan	$ 12,700	$ 6,000
Borrowings under Revolver	—	—
Less: deferred financing costs, current	(7,269)	(5,361)
Total	$ 5,431	$ 639

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Long-term debt, less current portion

The following summarizes our long-term debt balance as of:

	Successor	
	March 31, 2022	March 31, 2021
Term Loan	$ 1,264,000	$ 600,000
Senior Notes	350,000	300,000
Less:		
Current – Term Loan	(12,700)	(6,000)
Deferred financing costs, long-term	(52,172)	(39,027)
Total	$ 1,549,128	$ 854,973

The following represents the schedule of maturities of long-term debt:

	Successor
Fiscal Year Ending March 31:	**March 31, 2022**
2023	$ 12,700
2024	12,700
2025	12,700
2026	12,700
2027	12,700
2028 and above	1,550,500
Total	$ 1,614,000

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Beginning in fiscal year 2009, the Company's U.K. subsidiary entered into an agreement with an unrelated financial institution to sell, without recourse or continuing involvement, certain of its European-based accounts receivable balances from one client to such third-party financial institution. During the fiscal year ended March 31, 2022, $64,301 of receivables were sold under the terms of this financing agreement. Fees paid pursuant to this agreement were immaterial for the fiscal year ended March 31, 2022. There were no significant amounts due as of March 31, 2022, but the Company may elect to use this program again in future periods. However, the Company cannot provide any assurances that this or any other financing facilities will be available or utilized in the future.

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(12) Stock-Based Compensation Plans

Successor

As per the terms of the Merger Agreement, effective February 11, 2021, all of the Company's outstanding equity awards were cancelled and replaced with a conditional right ("Cash Replacement Award") to receive an amount equal to the product of the number of equity awards outstanding multiplied by $51.35, less any exercise price per share, if any, on the Closing Date.

The cash consideration for the Cash Replacement Award was split into two components of which 70% was paid to the employees upon the closing and the remaining 30% would be paid at the earlier of (a) the applicable vesting date of the equity award, (b) the date that is 12 months following the Closing Date or (c) if applicable, the date that is 60 days after the date the holder's employment is terminated by the Company without "cause" (as defined in the Merger Agreement) or by the holder for "good reason" (as defined in the Merger Agreement).

The Company accounted for the Cash Replacement Award in accordance with the guidance in Accounting Standard Codification 805 ("ASC 805"). As per the guidance in ASC 805, the Company attributed the fair value related to these stock awards between consideration transferred and post-combination vesting. As of February 11, 2021, the total fair value related to these unvested stock awards is approximately $97,554. Out of the total fair value of $97,554, the Company attributed approximately $26,096 towards the consideration transferred and $71,458 towards the post-combination vesting. During the Successor period from February 11, 2021 to March 31, 2021 and fiscal year ended March 31, 2022, the Company paid approximately $80,569 and $16,530 towards the settlement of the stock awards and recorded approximately $60,042 and $10,971 as a compensation expense related to these stock awards. As of March 31, 2022, the Company has no liability in accrued compensation related to the future payouts of the Cash Replacement Award.

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2022 Stock-Based Compensation Plan

In March 2022, the Company issued a phantom award agreement to certain key employees and directors ("Participants") of the Company. The awards represent notional shares in the equity value of the Company and i) conditionally vest if and to the extent that the Participant achieves certain performance goals and ii) will become fully vested upon the consummation of a liquidity event. The phantom awards are disclosed as future liabilities at their fair value as of the grant date and at each reporting date as each award is cash settled upon a liquidity event. The fair value of each award was estimated on the date of grant using a combination of a discounted cash flow and market approach to value the Company and using a Black-Scholes model to value the award.

Total unrecognized compensation cost related to conditionally vested share-based awards of the Company's parent as of March 31, 2022 was $8,518. The timing of recognition of this amount will depend on if and when a liquidity event should occur, as defined by the Company's phantom stock awards. No compensation expense related to stock-based compensation was recorded during the fiscal year ended March 31, 2022.

Predecessor

The Company's Amended and Restated 2000 Stock Option Plan (the "2000 Plan") was adopted in the fiscal year ended March 31, 2001 (Predecessor). Under the 2000 Plan, shares were reserved for issuance to the Company's employees, directors, and consultants. In May 2007, the Company's board of directors determined that no further grants would be made under the 2000 Plan. As of March 31, 2021 (Successor), there were no shares reserved for issuance under this plan.

The Company's board of directors and its stockholders approved the Company's 2007 Stock Option and Incentive Plan (the "2007 Plan"), in May 2007, and the stockholders of the Company again approved the 2007 Plan in September 2008. The 2007 Plan permits the Company to make grants of incentive stock options, non-qualified stock options, stock

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appreciation rights, deferred stock awards, restricted stock awards, unrestricted stock awards, and dividend equivalent rights. The Company reserved 830,670 shares of its common stock for the issuance of awards under the 2007 Plan. The 2007 Plan provides that the number of shares reserved and available for issuance under the plan will be automatically increased each April 1, beginning in 2008, by 2.9% of the outstanding number of shares of common stock on the immediately preceding March 31 or such lower number of shares of common stock as determined by the board of directors. This number is subject to adjustment in the event of a stock split, stock dividend or other change in the Company's capitalization. Generally, shares that are forfeited, cancelled or withheld to settle tax liabilities from awards under the 2007 Plan also will be available for future awards. In addition, available shares under the 2000 Plan and the Stock Appreciation Rights Plan, as a result of the forfeiture, expiration, cancellation, termination or net issuances of awards, are automatically made available for issuance under the 2007 Plan. In May 2015, the Company's board of directors determined that no further grants would be made under the 2007 Plan.

In May 2015, the Company adopted the 2015 Stock Option and Incentive Plan ("2015 Plan") which was also approved the Company's stockholders on September 1, 2015 (Predecessor). The 2015 Plan replaces the 2007 Plan and permits the granting of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, unrestricted stock awards, performance share awards, performance-based awards to covered employees, cash-based awards and dividend equivalent rights. Stock options, restricted stock and restricted stock units generally vest over four years. Performance share awards and performance-based awards generally vest over three years. The Company reserved 3,000,000 shares of its common stock for the issuance of awards under the 2015 Plan as well as the number of shares of stock as is equal to the shares underlying any stock options and awards that are returned to the Company's 2007 Plan after the 2015 Plan's effective date as a result of the expiration, forfeiture, acquisition by the Company prior to vesting, cancellation or termination of such stock options and awards (other than by exercise) as set forth in the 2007 Plan. Additionally, shares that are forfeited or cancelled or otherwise terminated (other than by exercise) or held back by the Company or tendered by the grantee of any equity award to settle applicable taxes on any equity award under the 2015 Plan shall be added back to the shares of common stock available for future issuance under the 2015 Plan. At February 10, 2021, the number of shares reserved for issuance under the 2015 Plan was 266,396.

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The following tables summarize stock option and restricted stock activity under the 2000 Plan, the 2007 Plan and the 2015 Plan, as the case may be, for the 2021 Predecessor Period:

	Stock Option Activity			
	Number of Options to Purchase Common Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value
Outstanding at March 31, 2020	113,896	17.87		
Granted	—	—		
Exercised	(54,661)	17.84		
Forfeited or cancelled	—	—		
Outstanding at February 10, 2021	59,235	$ 17.90	—	$ 1,980
Exercisable at February 10, 2021	59,235	$ 17.90	—	$ 1,980

	Restricted Stock Unit Activity	
	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at March 31, 2020	1,350,164	39.30
Awarded	880,896	21.75
Vested	(223,156)	41.04
Forfeited	(146,698)	41.33
Unvested at February 10, 2021	1,861,206	$ 30.62

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Under the restricted stock unit plan, the Company granted both service condition awards and performance condition awards. Performance awards are contingent upon meeting various departmental or company-wide performance goals in addition to service conditions. Stock compensation is recognized over the vesting period based on the probability of achievement of the performance condition. The requisite service period is generally between three and four years.

The aggregate intrinsic value of options exercised was $1,484 for the periods from April 1, 2020 to February 10, 2021. There were no options granted during the periods from April 1, 2020 to February 10, 2021. The Company realized $(98) of income tax (expense) benefits from the exercise of stock options and vesting of restricted stock as a windfall (shortfall) for the periods from April 1, 2020 to February 10, 2021. All excess tax benefits and all tax deficiencies are recognized as income tax expense or benefit in the consolidated statement of income for the period from April 1, 2020 to February 10, 2021.

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Austin HoldCo Inc. and Subsidiaries
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The allocation of total share-based compensation expense between costs of revenue and selling, general and administrative expenses is based on employee classification as follows:

	Predecessor
	Period from April 1, through February 10, 2021
Costs of revenue	$ 248
Selling, general and administrative expenses	13,811
Total share-based compensation expense	$ 14,059

(13) Income Taxes

The income (loss) before income tax expense (benefit) shown below is based on the geographic location to which such income or loss is attributed for each period presented below:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
United States	$ 51,412	$ (106,685)	$ 4,350
Foreign	36,060	127	14,212
Total	$ 87,472	$ (106,558)	$ 18,562

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The provision (benefit) for income taxes for each period consisted of the following:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Current provision (benefit):			
Federal	$ 2,129	$ (4,607)	$ 2,322
State	2,134	—	1,458
Foreign	36,985	3,170	18,438
Total current provision (benefit)	$ 41,248	$ (1,437)	$ 22,218
Deferred provision (benefit):			
Federal	$ (13,261)	$ (13,889)	$ 13,063
State	5,094	(3,724)	1,909
Foreign	(786)	1,299	(10,300)
Total deferred provision (benefit)	$ (8,953)	$ (16,314)	$ 4,672
Total provision (benefit) for income taxes	$ 32,295	$ (17,751)	$ 26,890

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Austin HoldCo Inc. and Subsidiaries
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The items which gave rise to differences between the income taxes in the statements of income (loss) and the income taxes computed at the U.S. statutory rate 21% for all periods are summarized as follows:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Tax on income before income tax expense (benefit) at U.S. statutory rate	$ 18,369	$ (22,377)	$ 3,898
U.S. state and local taxes (benefit), net of U.S. federal income tax effects	3,635	(3,267)	3,061
Benefit from foreign subsidiaries' tax holidays	—	(5)	(26)
Foreign rate difference*	25,998	4,100	15,348
Tax rate change	(7,686)	—	(1,049)
Nondeductible business costs	(1,791)	565	(2,604)
Nondeductible transaction costs	—	9,731	3,240
GILTI and BEAT tax	5,158	5	—
Excess stock-based compensation benefits	—	—	—
Compensation	—	678	5,356
Other adjustments	800	(1,252)	(16)
Foreign tax credit	(20,439)	(21,912)	2,781
Income Tax Refundable		—	—
Uncertain Tax Positions	9,204	—	—
Valuation Allowance	2,047	15,983	(3,099)
Income tax expense (benefit)	$ 32,295	$ (17,751)	$ 26,890

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* Includes the impact of foreign branch income offset

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Austin HoldCo Inc. and Subsidiaries
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Deferred tax assets (liabilities) at March 31, 2022 and 2021 were as follows:

	Successor	
	March 31, 2022	March 31, 2021
Deferred revenue	$ 7,482	$ 5,283
Allowance for credit losses	350	532
Tax credit carry forwards	88,680	27,215
Accrued expenses and reserves	21,898	25,601
Operating lease liabilities	11,217	15,644
Share-based compensation expense	—	—
Unrealized losses	(205)	399
Intangible assets	—	—
Net operating loss carryforwards	7,931	12,829
Total gross deferred tax assets	$ 137,353	$ 87,503
Valuation allowance	(35,390)	(23,805)
Total deferred tax assets	$ 101,963	$ 63,698
Depreciable assets	(19,322)	(12,552)
Intangible assets	(284,231)	(279,571)
Operating lease right-of-use assets	(24,323)	(15,205)
Acquisition and other liabilities	—	—
Goodwill	(3,247)	(503)
Total deferred tax liabilities	$ (331,123)	$ (307,831)
Net deferred tax assets/(liabilities)	$ (229,160)	$ (244,133)

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The ultimate realization of deferred tax assets is dependent upon management's assessment of the Company's ability to generate sufficient taxable income to realize the deferred tax assets during the periods in which the temporary differences become deductible. Management considers the historical level of taxable income, projections for future taxable income, and tax planning strategies in making this assessment. The Company has deferred tax assets in the United States, Sweden and India, that are subject to realizability constraints for which a partial valuation allowance is recoded. The Company assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to realize the existing deferred tax assets. The Company recorded an increase (decrease) to the valuation allowance totaling $11,585, $17,017 and $(2,856) during fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, respectively, related to provisions of foreign tax credits and net operating losses in the U.S., Sweden and capital losses in India, for which realization does not meet more likely than not requirements.

The Company has determined for all other deferred assets that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. We continue to monitor all positive and negative evidence related to these assets. A valuation allowance is required if, based on available evidence, it is more likely than not that all or some portion of the asset will not be realized due to the inability of the Company to generate sufficient taxable income in a specific jurisdiction. The Company has recorded a valuation allowance against certain foreign tax credits in the US as management has concluded it is more likely than not these will not be able to be utilized due to limitations.

At March 31, 2022, the Company has $88,680 of U.S. foreign tax credits which includes $70,204 of anticipated future impacts to the foreign tax credit position as a result of a number of the Company's foreign subsidiaries being treated as disregarded entities for U.S. income tax purposes. The remaining $18,476 of U.S. foreign tax credits represent actual

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foreign taxes paid and credited by the Company and are available for use its U.S. tax filings. These credits begin to expire in March 2025 and a full valuation allowance has been recorded. The Company also has $3,570 of net operating losses, as of March 31, 2022, which begin to expire in the next five years and $4,361 of capital loss carryover, which begins to expire in 2026.

The Company has determined that it is more likely than not that the results of future operations will generate sufficient taxable income to realize $61,222 of these deferred tax assets for which a valuation allowance is not provided.

During the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, respectively, the Company recorded $(726), $(14) and $(3,450), respectively, of net income tax benefit directly in other comprehensive income (loss) related to the unrealized gain/loss on effective cash flow hedges and the foreign currency loss on certain long-term intercompany balances. During the 2021 Predecessor Period, the Company recognized $98 of net income tax expense related to a windfall in the tax benefits of share-based compensation which was recorded as an income tax benefit in the consolidated statement of income (loss).

During the fiscal year ended March 31, 2020, the Company merged Polaris Consulting and Software Limited ("Polaris") with and into Virtusa Consulting Services Private Limited ("Virtusa India"). The merger of Polaris into Virtusa India is considered an entity liquidation for U.S. income tax purposes. The earnings of this entity will be subject to U.S. taxation as well as local taxation with a corresponding foreign tax credit or deduction, at the election of the Company. The Company's income tax provision for the 2021 Successor Period and 2021 Predecessor Period, includes the expected impact of GILTI and executive compensation limitations of the Tax Cuts and Jobs Act (the "Tax Act") impacting the operating results for the Company's fiscal year ended March 31, 2021. The Company's aggregate income tax rate in foreign jurisdictions is comparable to its income tax rate in the United States, as a result of the Tax Act, other than in Singapore and Sri Lanka in which the Company has tax holiday benefits and eligible tax exemptions respectively.

The Company's effective tax rate for the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period was significantly impacted by the results of operations and certain transaction costs considered nondeductible for tax purposes and cash compensation on cancellation of unvested stock grants.

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The Company elected to treat several foreign entities as disregarded entities. The earnings of these subsidiaries will be subject to U.S. taxation as well as local taxation with a corresponding foreign tax credit or deduction, at the election of the Company. The GILTI provisions and executive compensation limitations enacted in the Tax Act, enacted on December 22, 2017 by the U.S. government continue to impact the results. The Company's reported effective tax rate is also impacted by jurisdictional mix of profits and losses in which the Company operates, foreign statutory tax rates in effect, unusual or infrequent discrete items requiring a provision and certain exemptions or tax holidays applicable to the Company.

At March 31, 2022, the remaining deemed repatriation balance is $10,833, of which $1,275 is included in income tax payable and $9,558 is included in long-term liabilities in the consolidated balance sheet. The Company has elected to pay the deemed repatriation tax on unremitted earnings in eight installments through the fiscal year 2025. In July 2021, the Company paid approximately $1,275 representing the fourth yearly installment out of the eight yearly installments.

The U.S. Tax Act subjects a U.S. shareholder to GILTI earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI in the year the tax is incurred. The Company has elected to provide for GILTI in the year incurred. The Company's results for the fiscal year ended March 31, 2022 and the period from February 11, 2021 to March 31, 2021 (Successor) include the expected impact of GILTI.

On September 20, 2019 (Predecessor), the Indian government issued Ordinance 2019 making certain amendments in the Income-tax Act 1961, which substantially reduces tax rates. The effective rate of tax on India-based companies was

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reduced from 34.9% to 25.17%, effective for fiscal years beginning April 1, 2019 (Predecessor). The Company adopted the new ordinance for the fiscal year beginning April 1, 2019 (Predecessor). The new rates require the surrendering of any tax holidays and other attributes of which the Company historically was taking advantage of and favorably impacting our tax rate.

In addition, the Company's Sri Lankan subsidiary, Virtusa (Private) Limited, has operated under a 12-year income tax holiday arrangement that expired on March 31, 2019 (Predecessor) and required Virtusa (Private) Limited to retain certain job creation and investment criteria through the expiration of the holiday period. During the fiscal year ended March 31, 2022 and the 2021 Successor Period and 2021 Predecessor Period, the Company believes it had fulfilled its hiring and investment commitments and is eligible for tax holiday through March 2019. Beginning April 1, 2019 (Predecessor), the Company is taking advantage of certain exemptions offered to IT service providers. The Sri Lanka income tax exemptions reduced the overall tax provision and increased net income in the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period by $3,653, $424, and $1,379, respectively.

The Company has been under income tax examination in India, the U.K., Singapore and the United States. The Indian tax authorities issued an assessment order with respect to their examination of the various tax returns for the Predecessor fiscal years ended March 31, 2006 to March 31, 2018 of the Company's Indian subsidiary, Virtusa (India) Private Ltd, and Polaris Consulting & Services Limited (Polaris India) now merged with and into Virtusa Consulting Services Private Limited (collectively referred to as "Virtusa India"). At issue were several matters, the most significant of which was the redetermination of the arm's-length profit which should be recorded by Virtusa India on the intercompany transactions with its affiliates. These matters are currently at different level of appeals beginning with the Predecessor fiscal year ended March 31, 2006. In the United Kingdom, the Company is currently under examination for transfer pricing and research benefits for the Predecessor years ended March 31, 2014 to March 31, 2018. In Singapore, the Inland Revenue Authority is confirming the appropriateness of the Company's deductions for the Predecessor year ended March 31, 2017. In the United States, the Internal Revenue Service has concluded an examination of Predecessor fiscal years ended March 31, 2015 and March 31, 2017. During the Predecessor periods from April 1, 2020 to February 10, 2021, the Company settled with the Internal Revenue Service employment tax matters for several years. The impact of these settlements with the Internal Revenue Service was not material to the consolidated statements of income and consolidated statements of cash flows.

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Undistributed Earnings of Foreign Subsidiaries

A substantial amount of the Company's income before provision for income tax is from operations earned in its Indian and Sri Lankan subsidiaries and has been subject to tax holiday or statutory exemption. The Company intends to use accumulated and future earnings of foreign subsidiaries to expand operations outside the United States and, accordingly, undistributed income is considered indefinitely reinvested. The Company does not provide for U.S. income taxes on foreign currency translation or applicable withholding tax until a distribution is declared. At March 31, 2022, the Company had approximately $82,135 of cash, cash equivalents, short-term and long-term investments that would otherwise be available for potential distribution, if not indefinitely reinvested. If required, such cash and investments could be repatriated to the United States. Due to the various methods by which such earnings could be repatriated in the future, the amount of taxes attributable to the undistributed earnings is not practicably determinable.

Each fiscal year, unrecognized tax benefits may be adjusted upon the closing of the statute of limitations for income tax returns filed in various jurisdictions. The total amount of unrecognized tax benefits that would reduce income tax expense and the effective income tax rate, if recognized, is $22,783 and $7,628 as of March 31, 2022 and 2021, respectively, included in long-term liabilities in the consolidated balance sheets. Although it would be difficult to anticipate the final outcome on timing of resolution of any particular uncertain tax position, the Company anticipates that none of the unrecognized tax benefits will reverse during the twelve-month period ending March 31, 2023 due to settlement or expiration of statute of limitations on open tax years. All of these benefits are expected to have an impact on the effective tax rate as they are realized.

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The following summarizes the activity related to the gross unrecognized tax benefits:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Balance at beginning of the period	$ 7,628	$ 6,674	$ 6,627
Foreign currency translation related to prior year tax positions	(298)	(7)	132
Decreases related to prior year tax positions	—	—	—
Decreases related to prior year tax positions due to settlements or lapse in applicable statute of limitations	—	—	(840)
Increase related to prior year tax position as part of purchase accounting	7,805	947	—
Increases related to prior year tax positions	7,648	14	755
Balance at end of the period	$ 22,783	$ 7,628	$ 6,674

The Company continues to classify accrued interest and penalties related to unrecognized tax benefits in income tax expense. During the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period, the Company expensed accrued interest and penalties of $559, $30 and $85, respectively, through income tax expense consistent with its prior positions, to reflect interest and penalties on certain unrecognized tax benefits as part of income tax. The total accrued interest and penalties, including foreign currency translation relating to certain foreign and domestic tax matters at March 31, 2022 and 2021 were $260 and $1,443, respectively. During the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period, the Company's unrecognized tax benefits increased by $15,155, $954 and $47, respectively. The increase in the unrecognized tax benefits during the fiscal year ended March 31, 2022 was predominantly due to the creation of reserve in Polaris India for the Citi account and in the U.S. for BPEA transaction fees offset by foreign currency movements. The net movement in unrecognized tax benefits for the fiscal year ended March 31, 2022 and 2021 Successor Period and 2021 Predecessor Period, was as follows: $1,093, $14 and $(85), respectively, recorded to income tax expense, $(298), $(7) and $132, respectively, recorded to other comprehensive income (loss) for foreign currency impact. During the fiscal year ended March 31, 2022, the Company recorded $7,805 to goodwill and $6,555 to deferred tax liability. The Company has recorded unrecognized tax benefits in long-term liabilities if settlement is not expected in the next year.

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(14) Post-retirement Benefits

The Company has noncontributory defined benefit plans (the "Benefit Plans") covering its employees in India and Sri Lanka as mandated by the Indian and Sri Lankan governments. Benefits are based on the employee's years of service and compensation at the time of termination. The Company uses March 31 as the measurement date for its plans.

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Cost of pension plans

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Components of net periodic pension expense			
Expected return on plan assets	$ (889)	$ (139)	$ (720)
Service costs for benefits earned	2,748	408	2,113
Interest cost on projected benefit obligation	936	155	802
Amortization of prior service cost	—	53	274
Recognized net actuarial loss	—	6	29
Net periodic pension expense	$ 2,795	$ 483	$ 2,498

The Company presents the service cost component in costs of revenue and selling, general and administrative expenses. The other components of net periodic pension cost are presented within other (income) expense in the Consolidated Statements of Income (Loss).

Actuarial assumptions

	Successor		
	March 31, 2022		March 31, 2021
Discount rate	6.90 % - 11.25 %		6.40 % - 7.00 %
Compensation increases (annual)	7.00 % - 18.00 %		5.00 % - 7.00 %
Expected return on assets	7.00 % - 11.25 %		6.40 % - 8.44 %

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The discount rate is based upon high quality fixed income investments in India and Sri Lanka. The discount rates at March 31, 2022 were used to measure the year-end benefit obligations and the pension cost for the subsequent year.

To determine the expected long-term rate of return on pension plan assets, the Company considers the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. The Company amortizes unrecognized actuarial gains or losses over a period no longer than the average future service of employees.

The Company's benefit obligations are described in the following tables. Accumulated and projected benefit obligations ("ABO" and "PBO", respectively) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

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Accumulated benefit obligation and projected benefit obligation

	Successor	
	March 31, 2022	March 31, 2021
Accumulated benefit obligation	$ 10,711	$ 10,909

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Projected benefit obligation:			
Beginning balance	$ 15,247	$ 14,847	$ 13,829
Service cost	2,748	408	2,113
Interest cost	936	155	803
Actuarial (gain) loss	1,658	—	(790)
Benefits paid	(3,075)	(164)	(1,055)
Plan combination	—	—	—
Exchange rate adjustments	(1,817)	—	(53)
Ending balance	$ 15,697	$ 15,246	$ 14,847

Fair value of plan assets

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	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Fair value of plan assets:			
Beginning balance	$ 13,073	$ 13,485	$ 11,357
Employer contributions	2,107	—	1,668
Actual return on plan assets	1,263	199	1,031
Actuarial loss	—	—	—
Benefits paid	(2,862)	(164)	(1,028)
Exchange rate adjustments	(1,477)	(447)	457
Ending balance	$ 12,104	$ 13,073	$ 13,485

At March 31, 2022 and 2021 India and Sri Lanka together had $3,593 and $2,173, respectively, net projected benefit obligation recorded in the consolidated balance sheets as "accrued employee compensation and benefits".

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Plan asset allocation

	Successor					
	March 31, 2022					
	Target Allocation				Actual Allocation	
Government securities	60	%	-	70	%	68 %
Corporate debt	30	%	-	40	%	29 %
Other	1	%	-	10	%	3 %

The Company's plan assets are being managed by insurance companies in India and Sri Lanka.

Plan Assets

The following table presents the fair values of the Company's pension plan assets.

	Fair Value Measurements		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
At March 31, 2022 (Successor)			
Government Bonds (1)	$ 8,181	$ —	$ 8,181
Corporate Bonds (2)	3,511	—	3,511
Equity Shares and Others (3)	412	4	408
	$ 12,104	$ 4	$ 12,100
At March 31, 2021 (Successor)			
Government Bonds (1)	$ 8,955	$ —	$ 8,955
Corporate Bonds (2)	3,702	—	3,702
Equity Shares and Others (3)	416	5	411
	$ 13,073	$ 5	$ 13,068

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(1) This category comprises government fixed income investments with investments in India and Sri Lanka.

(2) This category represents investment in bonds and debentures from diverse industries.

(3) This category represents equity shares, money market investments and other investments.

The fair values of the government bonds are measured based on market quotes. Corporate bonds and other bonds are valued based on market quotes as of the balance sheet date. Equity share funds are valued at their market prices as of the balance sheet date. Money market funds are valued at their market price.

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Pension liability

	Successor	
	March 31, 2022	March 31, 2021
PBO	$ 15,697	$ 15,246
Fair value of plan assets	12,104	13,073
Funded status recognized	$ 3,593	$ 2,173
Amount recorded in accumulated other comprehensive income	$ 1,212	$ (2)

The Company expects to contribute $7,231 to its gratuity plans during the fiscal year ending March 31, 2023.

The pretax amounts of prior service cost and actuarial gain (loss) recognized from accumulated other comprehensive income consists of:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Prior service cost	$ —	$ (6)	$ (29)
Net amortization gain (loss)	—	(53)	(274)
Total	$ —	$ (59)	$ (303)

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Estimated future benefits payments

Fiscal year ending March 31:	
2023	$ 1,703
2024	2,135
2025	2,503
2026	2,941
2027	3,713
2028 – 2029	$ 21,242

(15) 401(k) Plan

The Company sponsors a defined contribution retirement savings plan, qualified under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). Eligible employees may defer a portion of their compensation into the Company's 401(k) Plan on a pre-tax and/or Roth basis. The Company's 401(k) Plan currently offers a safe harbor match feature that provides Company matching contributions for certain employee contributions. For the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period, the Company recorded $4,645, $623 and $3,677 for the employer match, respectively. The Company's 401(k) Plan may be amended at the discretion of the Company's board of directors to discontinue the safe harbor match program at any time.

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Austin HoldCo Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Amounts in thousands, except share amounts)

(16) Accumulated Other Comprehensive Income (Loss)

	Successor		Predecessor
	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Investment securities			
Beginning balance	$ —	$ —	$ 12
Other comprehensive income (loss) (OCI) before reclassifications, net of tax of $0 for all periods	—	—	—
Reclassifications from OCI to other income, net of tax of $0 for all periods	—	—	—
Comprehensive income (loss) on investment securities, net of tax of $0 for all periods	—	—	—
Closing balance	$ —	$ —	$ 12
Currency translation adjustments			
Beginning balance	$ 216	$ —	$ (71,207)
OCI before reclassifications	(16,363)	216	10,652
Comprehensive income (loss) on currency translation adjustments	(16,363)	216	10,652
Closing balance	$ (16,147)	$ 216	$ (60,555)
Cash flow hedges			
Beginning balance	$ 32	$ —	$ (11,818)
OCI before reclassifications net of tax of $1,119, $40, $59	4,345	(13)	1,527
Reclassifications from OCI to			
—Revenue, net of tax of $0, $0, $0	—	—	—
—Costs of revenue, net of tax of $(293), $(19), $264	(1,094)	31	1,049
—Selling, general and administrative expenses, net of tax of $(85), $(7), $101	(336)	14	395
—Interest expenses, net of tax of $0, $0, $3,026	—	—	9,147
Comprehensive income (loss) on cash flow hedges, net of tax of $741, $14, & $3,450	2,915	32	12,118
Closing balance	$ 2,947	$ 32	$ 300
Benefit plans			
Beginning balance	$ 2	$ —	$ (2,242)
OCI before reclassifications net of tax of $0 for all periods		2	1,186
Reclassifications from OCI for prior service credit (cost) to:			
Other income (expense), net of tax of $0 for all periods	—	—	35
Reclassifications from net actuarial gain (loss) amortization to:			
Other income (expense), net of tax of $0 for all periods	(1,214)	—	327
Other adjustments, net of tax of $0 for all periods		—	22
Comprehensive income (loss) on benefit plans, net of tax of $0 for all periods	(1,214)	2	1,570
Closing balance	(1,212)	2	$ (672)
Accumulated other comprehensive income (loss)	$ (14,412)	$ 250	$ (60,915)

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(17) Commitments, Contingencies and Guarantees.

The Company indemnifies its officers and directors for certain events or occurrences under its charter or by-laws and under indemnification agreements while the officer or director is, or was, serving at its request in a defined capacity. The term of the indemnification period is with respect to the period that such person was an officer or director of the Company. The maximum potential amount of future payments the Company could be required to make under these indemnification obligations is unlimited. The costs incurred to defend lawsuits or settle claims related to these indemnification obligations have not been material. As a result, the Company believes that its estimated exposure on these obligations is minimal. Accordingly, the Company had no liabilities recorded for these obligations as of March 31, 2022.

The Company is insured against any actual or alleged act, error, omission, neglect, misstatement or misleading statement or breach of duty by any current or former officer, director or employee while rendering information technology services. The Company believes that its financial exposure from such actual or alleged actions, should they arise, is minimal and no liability was recorded at March 31, 2022.

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. The Company accrues a liability when a loss is considered probable and the amount can be reasonably estimated. When a material loss contingency is reasonably possible but not probable, the Company does not record a liability, but instead discloses the nature and the amount of the claim, and an estimate of the loss or range of loss, if such an estimate can be made. Legal fees are expensed as incurred. Although the Company cannot predict the outcome of such matters, the Company has no reason to believe the disposition of any current matter, other than the specific matters described below, could reasonably be expected to have a material adverse impact on the Company's balance sheets, statements of income and statements of cash flows or the ability to carry on any of its business activities. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future.

(18) Derivative Financial Instruments

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The Company evaluates its foreign exchange policy on an ongoing basis to assess its ability to address foreign exchange exposures on its consolidated balance sheets, statements of income and consolidated statement of cash flows from all foreign currencies, including most significantly the U.K. pound sterling and Indian rupee. The Company enters into hedging programs with highly rated financial institutions in accordance with its foreign exchange policy (as approved by the Company's audit committee and board of directors) which permits hedging of material, known foreign currency exposures. There is no margin required, no cash collateral posted or received by us related to our foreign exchange forward contracts. Currently, the Company maintains three hedging programs, each with varying contract types, duration and purposes. The Company's "Cash Flow Program" is designed to mitigate the impact of volatility in the U.S. dollar and U.K. Pound Sterling equivalents of the Company's Indian rupee denominated expenses over a rolling 18-month period. The Cash Flow Program transactions currently meet the criteria for hedge accounting as cash flow hedges. The Company's "Economic Hedge Program" involves the purchase of derivative instruments with maturities of up to 92 days and is designed to mitigate the impact of foreign exchange on U.K. pound sterling, the euro, the Canadian dollar and the Australian dollar denominated revenue and costs with respect to the quarter for which such instruments are purchased. The Economic Hedge Program does not meet the criteria for hedge accounting and all gains and losses are recognized in consolidated statement of income under the same line item as the underlying exposure being hedged. The Company's third hedging program, the "Interest Rate Hedging Program", is designated to mitigate the Company's interest rate risk on the Company's variable rate debt. The Company's objective is to limit the variability of cash flows associated with changes in LIBOR interest payments due on variable rate debt by using pay-fixed, receive-variable rate interest swaps to offset the future variable rate interest payments. The Company recognizes these transactions in accordance with ASC 815 "Derivatives and Hedging" and has designated the interest rate swaps as cash flow hedges.

The Company is exposed to credit losses in the event of non-performance by the counterparties on its financial instruments. All counterparties currently have investment grade credit ratings. The Company anticipates that these

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counterparties will be able to fully satisfy their obligations under the contracts. The Company has derivative contracts with four counterparties as of March 31, 2022.

The Company's agreements with its counterparties contain provisions pursuant to which the Company could be declared in default of its derivative obligations. As of March 31, 2022, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions as of March 31, 2022, it could have been required to settle its obligations under these agreements at amounts which approximate the March 31, 2022 fair values reflected in the table below. During the fiscal year ended March 31, 2022, the Company was not in default of any of its derivative obligations.

Changes in fair value of the designated cash flow hedges for our Cash Flow Program are recorded as a component of accumulated other comprehensive income (loss) ("AOCI"), net of tax until the forecasted hedged transactions occur and are then recognized in the consolidated statements of income (loss) in the same line item as the item being hedged. The Company evaluates hedge effectiveness at the time a contract is entered into, as well as on an ongoing basis. If and when hedge relationships are discontinued, and should the forecasted transaction be deemed probable of not occurring by the end of the originally specified period or within an additional two-month period of time thereafter, any related derivative amounts recorded in equity are reclassified to earnings in other income (expense). There were no amounts reclassified to earnings as a result of hedge ineffectiveness for the fiscal year ended March 31, 2022, the 2021 Successor Period and 2021 Predecessor Period.

Changes in the fair value of the hedges for the Economic Hedge Program, if any, are recognized in the same line item as the underlying exposure being hedged and the ineffective portion of cash flow hedges, if any, is recognized as other income (expense). The Company values its derivatives based on market observable inputs including both forward and spot prices for currencies. Any significant change in the forward or spot prices for hedged currencies would have a significant impact on the value of the Company's derivatives.

The U.S. dollar notional value of all outstanding foreign currency derivative contracts was $251,424 and $187,224, respectively, at March 31, 2022 and 2021. Unrealized net gains related to these contracts which are expected to be reclassified from AOCI to earnings during the next 12 months are $3,158 at March 31, 2022. At March 31, 2022 , the maximum outstanding term of any derivative instrument was 18 months.

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The Company historically used interest rate swaps to mitigate the interest rate risk on the variable rate debt associated with the prior credit facilities. In connection with the BPEA Transaction, the Company terminated interest rate swaps and paid approximately $8,813 to the counterparties as a termination settlement during the fiscal year ended March 31, 2021. As of March 31, 2022, the Company has no outstanding interest rate hedges.

The following tables set forth the fair value of derivative instruments included in the consolidated balance sheets at March 31, 2022 and 2021:

Derivatives designated as hedging instruments

	Successor	
	March 31, 2022	**March 31, 2021**
Foreign currency exchange contracts:		
Other current assets	$ 3,494	$ 1,707
Other long-term assets	$ 532	$ 19
Accrued expenses and other	$ 336	$ 1,001
Long-term liabilities	$ —	$ 49

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The following tables set forth the effect of the Company's foreign currency exchange and interest rate swap contracts on the consolidated financial statements of the Company for the periods presented below:

	Amount of Gain or (Loss) Recognized in AOCI on Derivatives		
	Successor		Predecessor
Derivatives Designated as Cash Flow Hedging Relationships	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Foreign currency exchange contracts	$ 5,460	$ (27)	$ 2,632
Interest rate swaps	$ —	$ —	$ (1,046)

	Successor		Predecessor
Location of Gain or (Loss) Reclassified from AOCI into Income (loss) (Effective Portion)	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
	2022	2021	2021
Revenue	$ —	$ —	$ —
Costs of revenue	$ 1,387	$ (12)	$ (1,313)
Operating expenses	$ 422	$ (7)	$ (496)
Interest Expenses	$ —	$ —	$ (12,173)

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		Amount of Gain or (Loss) Recognized in Income on Derivatives		
		Successor		Predecessor
Derivatives not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income (loss) on Derivatives	Fiscal Year Ended March 31,	Period from February 11, through March 31,	Period from April 1, through February 10,
		2022	2021	2021
Foreign currency exchange contracts	Revenue	$ 1,967	$ —	$ (1,534)
	Costs of revenue	$ (1,094)	$ —	$ 1,055
	Selling, general and administrative expenses	$ (197)	$ —	$ 93

(19) Business Segment Information

Accounting pronouncements establish standards for the manner in which public companies report information about operating segments in annual and interim financial statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker on deciding on how to allocate resources and in assessing performance. The Company's chief operating decision-maker is considered to be the Company's Chief Executive Officer. The Company's Chief Executive Officer reviews financial information presented on an entity level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Company has determined that it operates in a single operating and reportable segment.

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Geographic information:

Total revenue is attributed to geographic areas based on location of the client. Geographic information is summarized as follows:

	Successor		Predecessor
	Fiscal Year Ended March 31, 2022	Period from February 11, through March 31, 2021	Period from April 1, through February 10, 2021
Customer revenue:			
United States of America	$ 1,088,307	$ 110,655	$ 803,037
United Kingdom	274,381	17,976	127,493
Rest of World	238,324	60,494	185,295
Consolidated revenue	$ 1,601,012	$ 189,125	$ 1,115,825

	Successor	
	March 31, 2022	March 31, 2021
Long-lived assets, net of accumulated depreciation and amortization:		
United States of America	$ 1,585,027	$ 1,746,102
India	308,720	250,071
Rest of World	23,712	25,529
Consolidated long-lived assets, net	$ 1,917,459	$ 2,021,702

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(20) Related Party Transactions

During the 2021 Successor Period, fiscal year ended March 31, 2022, and for future periods, a Management Services Agreement is in effect between Virtusa Corporation (the "Client") and Austin Management Services Limited (the "Consultant"), a related party affiliated with BPEA and certain of our other indirect investors. In consideration for services performed by the Consultant under this agreement, the Client shall pay the Consultant a consultancy fee equal to 4% of the EBITDA of the Client. Also, as part of this agreement and as contemplated under an Investment Services Agreement dated February 3, 2021 entered into by certain affiliates of the Consultant (the "Investment Agreement"), the Client shall pay the Consultant a transaction fee of $37,700 for services provided up to the Closing Date. There were no material related party transactions in earlier periods. In connection with the Management Services Agreement, the Company incurred $10,475 of management fees during the fiscal year ended March 31, 2022.

During the fiscal year ended March 31, 2022, the Company paid $746,272 as a return of capital to BPEA through a share redemption.

(21) Subsequent Event

The Company evaluated subsequent events for potential recognition and/or disclosure through May 25, 2022, the date the consolidated financial statements were available to be issued.

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