

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): November 6, 2020

PFSweb, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

000-28275
(COMMISSION FILE NUMBER)

75-2837058
(IRS EMPLOYER
IDENTIFICATION NO.)

505 MILLENNIUM DRIVE
ALLEN, TX 75013
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(972) 881-2900
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

N/A
(FORMER NAME OR ADDRESS, IF CHANGED SINCE LAST REPORT)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value	PFSW	NASDAQ Capital Market

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

Emerging growth company

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

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 2.02. Results of Operations and Financial Condition

On November 6, 2020, PFSweb, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended September 30, 2020. Attached as an exhibit to this current report on Form 8-K is a copy of the related press release dated November 6, 2020. This press release contains certain non-GAAP measures, including non-GAAP net income, net debt, earnings before interest, income taxes, depreciation and amortization (EBITDA), adjusted EBITDA and service fee equivalent revenue. The Company believes these non-GAAP measures provide useful information to both management and investors by focusing on certain operational metrics and excluding certain expenses in order to present its core operating performance and results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in the press release have been reconciled to the GAAP results in the tables contained in the press release.

ITEM 7.01 Regulation FD Disclosure

On November 6, 2020, the Company issued a press release announcing its financial results for the quarter ended September 30, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

The information in Items 2.02 and 7.01 of this Form 8-K and the exhibit attached hereto as Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release Issued November 6, 2020
104	Cover Page Interactive Data file, formatted in Inline XBRL

SIGNATURE

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

PFSweb, Inc.

Dated: November 10, 2020

By: /s/ Thomas J. Madden
Thomas J. Madden
Executive Vice President,
Chief Financial Officer

PFSweb Reports Third Quarter 2020 Results

- Reports Record Q3 Service Fee Revenue Driven by Continued Robust eCommerce Demand and Elevated Fulfillment Volumes -

- Raises 2020 Outlook Ahead of Expected Record Holiday Season -

Allen, TX – November 6, 2020 – PFSweb, Inc. (NASDAQ: PFSW), a global commerce services company, is reporting results for the third quarter ended September 30, 2020.

“We continue to experience robust eCommerce demand and significantly elevated fulfillment volumes as we support our clients through a dynamic online retail environment ahead of the holiday season,” said Mike Willoughby, CEO of PFSweb. “This led to strong growth for each business unit and double-digit year-over-year increases in consolidated SFE revenue and adjusted EBITDA for the quarter. Through a combination of our at-home professional services, contact center and corporate teams, along with our front-line fulfillment center personnel, our global workforce is operating at high levels of productivity, while closely adhering to COVID-19 protocols and precautions to enhance employee safety. I am proud of our adaptability and operational strength across both our PFS and LiveArea segments of our business.”

Q3 2020 Highlights vs. Q3 2019

- Total revenues increased 13% to \$77.1 million.
- Service fee equivalent (SFE) revenue (a non-GAAP measure defined and reconciled below) increased 21% to \$60.4 million.
- Service fee gross margin was 32.1% compared to 34.9%.
- Net loss was \$2.8 million or \$(0.14) per share, compared to a net loss of \$1.6 million or \$(0.08).
- Adjusted EBITDA (a non-GAAP measure defined and reconciled below) increased 10% to \$3.4 million compared to \$3.1 million.

“We have been making both operational and strategic investments across both business segments. Strategically, we recently announced the opening of two new PFS fulfillment centers, added key LiveArea leadership personnel and expanded our service offerings to new geographies, all in preparation for what we anticipate will be durable eCommerce tailwinds as we head into 2021.

“Operationally, we are ramping our front-line work force across our fulfillment centers and expanding our at-home call center teams ahead of what we anticipate will be a record holiday season. While this has increased our PFS operating costs during the quarter, as expected, I believe we are well-positioned for the holiday peak fulfillment period as well as sustained long-term growth for both PFS and LiveArea as the eCommerce landscape continues to evolve.

“As a result of continued heightened PFS fulfillment volumes and strong momentum in LiveArea, we are increasing our 2020 outlook and now expect consolidated SFE revenue growth to be in the mid-teens and continue to expect adjusted EBITDA margin expansion compared to 2019.”

Third Quarter 2020 Financial Results

Total revenues in the third quarter of 2020 increased 13% to \$77.1 million compared to \$68.0 million in the same period of 2019. Service fee revenue in the third quarter increased 21% to \$60.2 million compared to \$49.6 million in the third quarter of last year. Product revenue from the company's last remaining client under this legacy business model was \$4.2 million compared to \$6.6 million in the same period of 2019.

SFE revenue in the third quarter of 2020 increased 21% to \$60.4 million compared to \$49.9 million in the year-ago quarter. The increase was primarily driven by ongoing elevated fulfillment activity in PFS, as well as double-digit growth in LiveArea.

Service fee gross margin in the third quarter of 2020 was 32.1% compared to 34.9% in the same period of 2019. The decrease was primarily attributable to changes in revenue mix and increased fulfillment labor costs during the quarter. Gross margins for both segments continued to be within the guidance range of 25% to 30% for the PFS segment and 40% to 50% for the LiveArea segment.

Net loss in the third quarter of 2020 was \$2.8 million or \$(0.14) per share compared to a net loss of \$1.6 million or \$(0.08) in the same period of 2019. Net loss included the impact of \$3.2 million of stock-based compensation expense in the third quarter of 2020 as compared to \$0.9 million in the same period in the prior year.

Adjusted EBITDA in the third quarter increased 10% to \$3.4 million compared to \$3.1 million in the year-ago quarter. The increase was primarily due to sustained strength in SFE revenue growth, partially offset by expected increased costs in the PFS segment applicable to fulfillment-related labor costs and preparations for the holiday season. As a percentage of SFE revenue, adjusted EBITDA margin was 5.7% compared to 6.3% in the same period of 2019.

Non-GAAP net income (a non-GAAP measure defined and reconciled below) increased to \$0.7 million in the third quarter of 2020 compared to \$0.4 million in the third quarter of 2019.

At September 30, 2020, net debt (a non-GAAP measure defined and reconciled below as total debt, excluding operating lease liabilities, less cash and cash equivalents) was \$29.1 million compared to \$25.4 million at December 31, 2019.

Cash and cash equivalents at September 30, 2020 totaled \$10.4 million compared to \$12.4 million at December 31, 2019, and total debt was \$39.5 million compared to \$37.8 million at the end of last year.

2020 Outlook

In light of ongoing high demand in the company's PFS segment, as well as LiveArea's continued strong performance and record pipeline, PFSweb has increased its expectations for consolidated SFE revenue growth to be in the mid-teens compared to 2019 (previously expected between 9% and 12% growth), while continuing to expect growth for each of its business units in 2020. Coupled with a sustained focus on prudent cost management, PFSweb also expects adjusted EBITDA margin improvement in 2020 when compared to the prior year.

COVID-19 Response

PFSweb maintains information related to its ongoing response to the COVID-19 crisis on its corporate website at www.pfsweb.com/covid-19-response/.

Conference Call

PFSweb will conduct a conference call today at 8:30 a.m. Eastern time to discuss its results for the third quarter ended September 30, 2020.

PFSweb management will host the conference call, followed by a question and answer period.

Date: Friday, November 6, 2020

Time: 8:30 a.m. Eastern time (5:30 a.m. Pacific time)

Toll-free dial-in number: (866) 220-4153

International dial-in number: (864) 663-5228

Conference ID: 1176494

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Gateway Investor Relations at 1-949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the investor relations section of the company's website at www.pfsweb.com.

A replay of the conference call will be available after 11:30 a.m. Eastern time on the same day through November 20, 2020.

Toll-free replay number: (855) 859-2056

International replay number: (404) 537-3406

Replay ID: 1176494

About PFSweb, Inc.

PFSweb (NASDAQ: PFSW) is a global commerce services company that manages the online customer shopping experience on behalf of major branded manufacturers and retailers. Across two business units – LiveArea for data-driven marketing and omnichannel experience design through technology selection, platform implementation and orchestrated services, and PFS for order fulfillment, contact center, payment processing/fraud management, and order management services – they provide solutions to a broad range of Fortune 500® companies and household brand names such as Procter & Gamble, L'Oréal USA, ASICS, Pandora, Ralph Lauren, Shiseido Americas, the United States Mint, and many more. PFSweb enables these brands to provide a more convenient and brand-centric online shopping experience through

both traditional and online business channels. The company is headquartered in Allen, TX with additional locations around the globe. For more information, visit www.pfsweb.com.

Non-GAAP Financial Measures

This news release contains certain non-GAAP measures, including non-GAAP net income (loss), net debt, earnings before interest, income taxes, depreciation and amortization (EBITDA), adjusted EBITDA and service fee equivalent revenue.

Non-GAAP net income (loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for the impact of non-cash stock-based compensation expense, acquisition-related, restructuring and other costs (including certain client related bankruptcy costs), amortization of acquisition-related intangible assets and deferred tax expense for goodwill amortization.

EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization. Adjusted EBITDA further eliminates the effect of stock-based compensation, as well as acquisition-related, restructuring, and other costs (including certain client related bankruptcy costs).

Service fee equivalent revenue represents service fee revenue plus the gross profit earned on product revenue and does not alter existing revenue recognition.

Non-GAAP net income (loss), EBITDA, adjusted EBITDA and service fee equivalent revenue are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry. The calculation of non-GAAP net income (loss) eliminates the effect of stock-based compensation, acquisition-related, restructuring and other costs (including certain client related bankruptcy costs), amortization of acquisition-related intangible assets, and deferred tax expense for goodwill amortization, and EBITDA and adjusted EBITDA further eliminate the effect of financing, remaining income taxes and the accounting effects of capital spending, which items may vary from different companies for reasons unrelated to overall operating performance. Service fee equivalent revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis.

Net debt represents total debt, excluding operating lease liabilities, less cash and cash equivalents.

PFS believes these non-GAAP measures provide useful information to both management and investors by focusing on certain operational metrics and excluding certain expenses in order to present its core operating performance and results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in this press release have been reconciled to the GAAP results in the attached tables.

Forward-Looking Statements

The matters discussed herein consist of forward-looking information under the Private Securities Litigation Reform Act of 1995 and is subject to and involves risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. You can identify these forward-looking statements by words such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “believe,” “intend,” “plan,” “potential,” “project,” “seek,” “strive,” “predict,” “continue,” “target,” and “estimate” and other similar expressions. These forward-looking statements involve risks and uncertainties and may include assumptions as to how we may perform in the future, including the impact of the COVID-19

pandemic on our business, results of operations and global economic conditions. Although we believe the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee these expectations will actually be achieved. PFS' Annual Report on Form 10-K, as amended, for the year ended December 31, 2019 and any subsequent amendments or quarterly reports on Form 10-Q identify certain factors that could cause actual results to differ materially from those projected in any forward looking statements made and investors are advised to review the periodic reports of the company and the Risk Factors described therein. PFS undertakes no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future. There may be additional risks that we do not currently view as material or that are not presently known.

Company Contact:

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Chief Executive Officer

Or

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Investor Relations:

Sean Mansouri, CFA
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PFSweb, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, Except Share Data)

	(Unaudited) September 30, 2020	December 31, 2019
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,397	\$ 12,434
Restricted cash	214	214
Accounts receivable, net of allowance for doubtful accounts of \$1,437 and \$1,071 at September 30, 2020 and December 31, 2019, respectively	56,156	72,262
Inventories, net of reserves of \$128 and \$291 at September 30, 2020 and December 31, 2019, respectively	5,086	3,281
Other receivables	3,199	3,324
Prepaid expenses and other current assets	7,213	6,954
Total current assets	82,265	98,469
PROPERTY AND EQUIPMENT, net	19,546	18,436
OPERATING LEASE RIGHT-OF-USE ASSETS, net	36,529	36,403
IDENTIFIABLE INTANGIBLES, net	772	1,135
GOODWILL	45,192	45,393
OTHER ASSETS	3,919	3,772
Total assets	\$ 188,223	\$ 203,608
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Trade accounts payable	\$ 22,907	\$ 44,640
Accrued expenses	23,431	21,625
Current portion of operating lease liabilities	9,491	8,904
Current portion of long-term debt and capital lease obligations	3,155	2,971
Deferred revenues	3,031	6,058
Total current liabilities	62,015	84,198
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	36,334	34,829
DEFERRED REVENUES, less current portion	1,528	1,398
OPERATING LEASE LIABILITIES	31,777	33,295
OTHER LIABILITIES	5,828	3,046
Total liabilities	137,482	156,766
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.001 par value; 35,000,000 shares authorized; 20,281,638 and 19,465,877 issued at September 30, 2020 and December 31, 2019, respectively; and 20,248,171 and 19,432,410 outstanding at September 30, 2020 and December 31, 2019, respectively	20	19
Additional paid-in capital	166,204	158,192
Accumulated deficit	(113,980)	(109,943)
Accumulated other comprehensive income	(1,378)	(1,301)
Treasury stock at cost, 33,467 shares	(125)	(125)
Total shareholders' equity	50,741	46,842
Total liabilities and shareholders' equity	\$ 188,223	\$ 203,608

PFSweb, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(In Thousands, Except Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Service fee revenue	\$ 60,194	\$ 49,602	\$ 176,488	\$ 151,371
Product revenue, net	4,229	6,579	17,677	20,216
Pass-through revenue	12,661	11,810	42,053	37,063
Total revenues	<u>77,084</u>	<u>67,991</u>	<u>236,218</u>	<u>208,650</u>
COSTS OF REVENUES:				
Cost of service fee revenue	40,877	32,296	116,358	99,062
Cost of product revenue	4,019	6,250	16,732	19,117
Cost of pass-through revenue	12,661	11,810	42,053	37,063
Total costs of revenues	<u>57,557</u>	<u>50,356</u>	<u>175,143</u>	<u>155,242</u>
Gross profit	19,527	17,635	61,075	53,408
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	21,389	18,886	62,301	55,329
Loss from operations	(1,862)	(1,251)	(1,226)	(1,921)
INTEREST EXPENSE, net	365	458	1,154	1,418
Loss before income taxes	(2,227)	(1,709)	(2,380)	(3,339)
INCOME TAX EXPENSE (BENEFIT), net	592	(71)	1,657	438
NET LOSS	<u>(2,819)</u>	<u>(1,638)</u>	<u>(4,037)</u>	<u>(3,777)</u>
NON-GAAP NET INCOME	<u>\$ 687</u>	<u>\$ 357</u>	<u>\$ 6,295</u>	<u>\$ 976</u>
NET LOSS PER SHARE:				
Basic	<u>\$ (0.14)</u>	<u>\$ (0.08)</u>	<u>\$ (0.20)</u>	<u>\$ (0.19)</u>
Diluted	<u>\$ (0.14)</u>	<u>\$ (0.08)</u>	<u>\$ (0.20)</u>	<u>\$ (0.19)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:				
Basic	<u>20,211</u>	<u>19,432</u>	<u>19,899</u>	<u>19,454</u>
Diluted	<u>20,211</u>	<u>19,432</u>	<u>19,899</u>	<u>19,454</u>
EBITDA	<u>\$ 167</u>	<u>\$ 1,423</u>	<u>\$ 5,052</u>	<u>\$ 6,021</u>
ADJUSTED EBITDA	<u>\$ 3,427</u>	<u>\$ 3,121</u>	<u>\$ 14,629</u>	<u>\$ 9,884</u>

PFSweb, Inc. and Subsidiaries
Unaudited Reconciliation of Certain Non-GAAP Items to GAAP
(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
NET LOSS	\$ (2,819)	\$ (1,638)	\$ (4,037)	\$ (3,777)
Income tax expense (benefit), net	592	(71)	1,657	438
Interest expense, net	365	458	1,154	1,418
Depreciation and amortization	2,029	2,674	6,278	7,942
EBITDA	167	1,423	5,052	6,021
Stock-based compensation	3,235	852	8,934	2,181
Acquisition-related, restructuring and other costs	25	846	643	1,682
ADJUSTED EBITDA	<u>\$ 3,427</u>	<u>\$ 3,121</u>	<u>\$ 14,629</u>	<u>\$ 9,884</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
NET LOSS	\$ (2,819)	\$ (1,638)	\$ (4,037)	\$ (3,777)
Stock-based compensation	3,235	852	8,934	2,181
Amortization of acquisition-related intangible assets	116	167	361	501
Acquisition-related, restructuring and other costs	25	846	643	1,682
Deferred tax expense - goodwill amortization	130	130	394	389
NON-GAAP NET INCOME	<u>\$ 687</u>	<u>\$ 357</u>	<u>\$ 6,295</u>	<u>\$ 976</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
TOTAL REVENUES	\$ 77,084	\$ 67,991	\$ 236,218	\$ 208,650
Pass-through revenue	(12,661)	(11,810)	(42,053)	(37,063)
Cost of product revenue	(4,019)	(6,250)	(16,732)	(19,117)
SERVICE FEE EQUIVALENT REVENUE	<u>\$ 60,404</u>	<u>\$ 49,931</u>	<u>\$ 177,433</u>	<u>\$ 152,470</u>

PFSweb, Inc. and Subsidiaries
Unaudited Consolidated Segment Information
and Reconciliation of Certain Non-GAAP Items to GAAP
(In Thousands)

The segment financial data for the three and nine months ended September 30, 2020 and 2019, reflect the financial performance for each of the segments based on the current financial presentation reviewed by the company's Chief Operating Decision Makers. The company is continuing to evaluate its segregation of costs among the business units, including an effort to further allocate certain Corporate costs into the two operating business units to enhance cost focus and responsibility.

	Three Months Ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
<i>PFS Operations</i>				
Revenues:				
Service fee revenue	\$ 39,339	\$ 31,176	\$ 114,184	\$ 95,930
Product revenue, net	4,229	6,579	17,677	20,216
Pass-through revenue	11,836	10,760	39,708	35,049
Total revenues	<u>55,404</u>	<u>48,515</u>	<u>171,569</u>	<u>151,195</u>
Costs of revenues:				
Cost of service fee revenue	29,658	22,349	82,397	69,023
Cost of product revenue	4,019	6,250	16,732	19,117
Cost of pass-through revenue	11,836	10,760	39,708	35,049
Total costs of revenues	<u>45,513</u>	<u>39,359</u>	<u>138,837</u>	<u>123,189</u>
Gross profit	9,891	9,156	32,732	28,006
Direct operating expenses	7,353	7,454	22,702	21,649
Direct contribution	2,538	1,702	10,030	6,357
Depreciation and amortization	1,616	2,120	4,811	6,153
Stock-based compensation	817	144	1,757	379
Acquisition-related, restructuring and other costs	25	914	762	1,401
ADJUSTED EBITDA	<u>\$ 4,996</u>	<u>\$ 4,880</u>	<u>\$ 17,360</u>	<u>\$ 14,290</u>
TOTAL REVENUES	\$ 55,404	\$ 48,515	\$ 171,569	\$ 151,195
Pass-through revenue	(11,836)	(10,760)	(39,708)	(35,049)
Cost of product revenue	(4,019)	(6,250)	(16,732)	(19,117)
SERVICE FEE EQUIVALENT REVENUE	<u>\$ 39,549</u>	<u>\$ 31,505</u>	<u>\$ 115,129</u>	<u>\$ 97,029</u>

PFSweb, Inc. and Subsidiaries
Unaudited Consolidated Segment Information
and Reconciliation of Certain Non-GAAP Items to GAAP
(In Thousands)

	Three Months Ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
<i>LiveArea Professional Services</i>				
Revenues:				
Service fee revenue	\$ 20,855	\$ 18,426	\$ 62,304	\$ 55,441
Pass-through revenue	825	1,050	2,345	2,014
Total revenues	<u>21,680</u>	<u>19,476</u>	<u>64,649</u>	<u>57,455</u>
Costs of revenues:				
Cost of service fee revenue	11,219	9,947	33,961	30,039
Cost of pass-through revenue	825	1,050	2,345	2,014
Total costs of revenues	<u>12,044</u>	<u>10,997</u>	<u>36,306</u>	<u>32,053</u>
Gross profit	9,636	8,479	28,343	25,402
Direct operating expenses	<u>7,095</u>	<u>5,885</u>	<u>22,171</u>	<u>18,634</u>
Direct contribution	2,541	2,594	6,172	6,768
Depreciation and amortization	204	276	633	891
Stock-based compensation	892	261	3,283	558
Acquisition-related, restructuring and other costs	-	53	6	111
ADJUSTED EBITDA	<u>\$ 3,637</u>	<u>\$ 3,184</u>	<u>\$ 10,094</u>	<u>\$ 8,328</u>
<i>Corporate</i>				
Selling, general and administrative expenses	\$ (6,941)	\$ (5,547)	\$ (17,428)	\$ (15,046)
Depreciation and amortization	209	278	834	898
EBITDA	<u>(6,732)</u>	<u>(5,269)</u>	<u>(16,594)</u>	<u>(14,148)</u>
Stock-based compensation	1,526	447	3,894	1,244
Acquisition-related, restructuring and other costs	-	(121)	(125)	170
ADJUSTED EBITDA	<u>\$ (5,206)</u>	<u>\$ (4,943)</u>	<u>\$ (12,825)</u>	<u>\$ (12,734)</u>