

Condensed Consolidated Statements of Operations



(In thousands, except share data)	Q3'23	Q4'23	Q1'24	Q2'24	(Unaudited) Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Revenue	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056	\$ 19,057	\$ 19,565	\$ 22,003	\$ 21,774	\$ 23,083
Costs and expenses:									
Cost of revenue (exclusive of depreciation and amortization)	3,313	3,337	3,756	3,455	3,314	3,472	3,661	3,501	3,622
Sales and marketing expenses	3,365	3,501	3,712	4,406	4,817	4,900	5,407	5,622	5,402
General and administrative expenses	5,223	6,907	5,790	5,750	5,994	8,341	6,174	7,253	6,777
Depreciation and amortization	2,171	2,211	2,270	2,377	2,434	2,481	2,550	2,647	2,706
Total costs and expenses	<u>14,072</u>	<u>15,956</u>	<u>15,528</u>	<u>15,988</u>	<u>16,559</u>	<u>19,194</u>	<u>17,792</u>	<u>19,023</u>	<u>18,507</u>
Income (loss) from operations	1,765	(895)	1,983	3,068	2,498	371	4,211	2,751	4,576
Interest income	346	387	365	314	353	368	308	339	386
Income (loss) before income taxes	2,111	(508)	2,348	3,382	2,851	739	4,519	3,090	4,962
Income tax (benefit) expense	(10,384)	562	564	745	1,132	(124)	1,079	404	749
Net income (loss)	<u>\$ 12,495</u>	<u>\$ (1,070)</u>	<u>\$ 1,784</u>	<u>\$ 2,637</u>	<u>\$ 1,719</u>	<u>\$ 863</u>	<u>\$ 3,440</u>	<u>\$ 2,686</u>	<u>\$ 4,213</u>
Earnings (loss) per share:									
Basic	<u>\$ 0.90</u>	<u>\$ (0.08)</u>	<u>\$ 0.13</u>	<u>\$ 0.19</u>	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.25</u>	<u>\$ 0.19</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.87</u>	<u>\$ (0.08)</u>	<u>\$ 0.13</u>	<u>\$ 0.19</u>	<u>\$ 0.12</u>	<u>\$ 0.06</u>	<u>\$ 0.24</u>	<u>\$ 0.18</u>	<u>\$ 0.29</u>
Weighted average shares outstanding:									
Basic	<u>13,952,426</u>	<u>13,985,426</u>	<u>13,997,064</u>	<u>13,780,074</u>	<u>13,782,476</u>	<u>13,900,091</u>	<u>13,998,028</u>	<u>14,018,629</u>	<u>14,027,994</u>
Diluted	<u>14,329,878</u>	<u>13,985,426</u>	<u>14,164,506</u>	<u>14,051,466</u>	<u>14,311,575</u>	<u>14,366,545</u>	<u>14,491,713</u>	<u>14,553,282</u>	<u>14,618,657</u>

Condensed Consolidated Balance Sheets



(In thousands, except share data)	9/30/2023	12/31/2023	3/31/2024	6/30/2024	(Unaudited) 9/30/2024	12/31/2024	3/31/2025	6/30/2025	9/30/2025
ASSETS:									
Current assets:									
Cash and cash equivalents	\$ 34,210	\$ 32,032	\$ 32,147	\$ 30,943	\$ 35,747	\$ 36,504	\$ 34,603	\$ 38,848	\$ 45,352
Accounts receivable, net of allowance for doubtful accounts	6,805	7,135	7,871	7,963	8,459	8,061	9,646	9,811	10,419
Prepaid expenses and other current assets	1,178	1,113	1,491	1,483	1,730	1,627	1,653	2,137	2,237
Total current assets	42,193	40,280	41,509	40,389	45,936	46,192	45,902	50,796	58,008
Property and equipment, net	627	592	601	598	581	545	543	693	824
Intangible assets, net	33,992	34,403	34,962	35,487	35,731	35,997	37,488	37,677	38,749
Goodwill	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227
Right-of-use assets	2,589	2,457	2,323	2,185	2,045	1,901	1,753	2,822	2,697
Deferred tax assets	10,021	9,514	9,043	8,433	7,463	7,496	6,597	6,309	5,476
Other noncurrent assets	627	517	361	1,133	987	1,173	1,579	1,310	1,090
Total assets	\$ 95,276	\$ 92,990	\$ 94,026	\$ 93,452	\$ 97,970	\$ 98,531	\$ 99,089	\$ 104,834	\$ 112,071
LIABILITIES AND SHAREHOLDERS' EQUITY:									
Current liabilities:									
Accounts payable	\$ 1,989	\$ 1,631	\$ 2,353	\$ 1,969	\$ 2,787	\$ 2,127	\$ 2,013	\$ 1,834	\$ 2,764
Accrued expenses and other current liabilities	372	1,989	4,741	594	795	2,881	1,989	2,518	2,884
Current portion of operating lease liabilities	548	569	588	529	469	406	343	411	403
Deferred revenue	527	690	652	597	565	712	754	806	859
Dividend Payable	-	-	-	-	-	4,181	-	-	-
Total current liabilities	\$ 3,436	\$ 4,879	\$ 8,334	\$ 3,689	\$ 4,616	\$ 10,307	\$ 5,099	\$ 5,569	\$ 6,910
Noncurrent operating lease liabilities	2,149	1,999	1,845	1,765	1,680	1,592	1,502	2,520	2,459
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-	-	640	539	969
Total liabilities	5,585	6,878	10,179	5,454	6,296	11,899	7,241	8,628	10,338
Shareholders' equity:									
Preferred stock—\$0.001 par value	-	-	-	-	-	-	-	-	-
Common stock—\$0.001 par value	14	14	14	14	14	14	14	14	14
Treasury stock, at cost	(168)	(188)	(4,143)	(236)	-	-	-	-	-
Additional paid-in capital	96,648	94,159	94,065	91,672	93,393	87,488	89,264	90,936	92,250
(Accumulated deficit) retained earnings	(6,803)	(7,873)	(6,089)	(3,452)	(1,733)	(870)	2,570	5,256	9,469
Total shareholders' equity	89,691	86,112	83,847	87,998	91,674	86,632	91,848	96,206	101,733
Total liabilities and shareholders' equity	\$ 95,276	\$ 92,990	\$ 94,026	\$ 93,452	\$ 97,970	\$ 98,531	\$ 99,089	\$ 104,834	\$ 112,071

Condensed Consolidated Statements of Cash Flows



(In thousands, except share data)	(Unaudited)									
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	
CASH FLOWS FROM OPERATING ACTIVITIES:										
Net income (loss)	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637	\$ 1,719	\$ 863	\$ 3,440	\$ 2,686	\$ 4,213	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:										
Depreciation and amortization	2,171	2,211	2,270	2,377	2,434	2,481	2,550	2,647	2,706	
Share-based compensation expense	1,369	1,328	1,402	1,393	1,657	1,496	1,596	1,827	1,706	
Write-off of long-lived assets	1	2	-	-	82	3	2	-	1	
Provision for bad debts	124	175	70	154	99	19	62	212	134	
Noncash lease expenses	151	132	134	138	140	144	148	109	125	
Deferred income tax (benefit) expense	(10,432)	507	471	610	970	(33)	899	288	833	
Changes in assets and liabilities:										
Accounts receivable	(373)	(505)	(806)	(246)	(595)	379	(1,647)	(377)	(742)	
Prepaid expenses and other current assets	147	65	(378)	8	(247)	103	(26)	(484)	(100)	
Other noncurrent assets	138	110	156	(772)	146	(186)	(406)	244	220	
Accounts payable	295	(358)	722	(384)	818	(660)	(114)	(179)	930	
Accrued expenses and other current liabilities	(22)	1,573	(1,347)	(4)	201	2,086	(1,392)	529	162	
Deferred revenue	(100)	163	(38)	(55)	(32)	147	42	52	53	
Operating lease liabilities	(175)	(129)	(135)	(139)	(145)	(151)	(153)	(67)	(69)	
Net cash provided by operating activities	5,789	4,204	4,305	5,717	7,247	6,691	5,001	7,487	10,172	
CASH FLOWS FROM INVESTING ACTIVITIES:										
Purchase of property and equipment	(47)	(24)	(65)	(52)	(35)	(17)	(50)	(202)	(187)	
Capitalized costs included in intangible assets	(2,412)	(2,103)	(2,327)	(2,411)	(2,380)	(2,280)	(2,469)	(2,515)	(2,695)	
Net cash used in investing activities	(2,459)	(2,127)	(2,392)	(2,463)	(2,415)	(2,297)	(2,519)	(2,717)	(2,882)	
CASH FLOWS FROM FINANCING ACTIVITIES:										
Taxes paid related to net share settlement of vesting of restricted stock units	(147)	(1,795)	(383)	(20)	(28)	(3,637)	(202)	(525)	(133)	
Repurchases of common stock	(341)	(2,460)	(1,415)	(4,438)	-	-	-	-	(653)	
Dividend payable	-	-	-	-	-	-	(4,181)	-	-	
Net cash used in financing activities	(488)	(4,255)	(1,798)	(4,458)	(28)	(3,637)	(4,383)	(525)	(786)	
Net (decrease) increase in cash and cash equivalents	2,842	(2,178)	115	(1,204)	4,804	757	(1,901)	4,245	6,504	
Cash and cash equivalents at beginning of period	31,368	34,210	32,032	32,147	30,943	35,747	36,504	34,603	38,848	
Cash and cash equivalents at end of period	\$ 34,210	\$ 32,032	\$ 32,147	\$ 30,943	\$ 35,747	\$ 36,504	\$ 34,603	\$ 38,848	\$ 45,352	
SUPPLEMENTAL DISCLOSURE INFORMATION										
Cash paid for interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cash paid for income taxes	\$ 33	\$ 27	\$ -	\$ 439	\$ 85	\$ 83	\$ -	\$ 681	\$ 2	
Share-based compensation capitalized in intangible assets	\$ 517	\$ 462	\$ 446	\$ 436	\$ 328	\$ 417	\$ 382	\$ 370	\$ 394	
Right-of-use assets obtained in exchange of operating lease liabilities	\$ 1,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,153	\$ -	
Retirement of treasury stock	\$ 342	\$ 4,279	\$ 1,942	\$ 4,222	\$ 264	\$ 3,637	\$ 202	\$ 525	\$ 786	
Dividend declared not yet paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,181	\$ -	\$ -	\$ -	

Non-GAAP Reconciliations



(In thousands)	(Unaudited)									
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	
Net income (loss)	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637	\$ 1,719	\$ 863	\$ 3,440	\$ 2,686	\$ 4,213	
Interest income	(346)	(387)	(365)	(314)	(353)	(368)	(308)	(339)	(386)	
Income tax (benefit) expense	(10,384)	562	564	745	1,132	(124)	1,079	404	749	
Depreciation and amortization	2,171	2,211	2,270	2,377	2,434	2,481	2,550	2,647	2,706	
Share-based compensation expense	1,369	1,328	1,402	1,393	1,657	1,496	1,596	1,827	1,706	
Litigation costs	1	-	27	(27)	7	117	9	4	60	
Acquisition-related costs	54	18	7	-	-	-	-	370	(12)	
Write-off of long-lived assets and others	2	1	-	-	82	3	2	1	-	
Adjusted EBITDA	\$ 5,362	\$ 2,663	\$ 5,689	\$ 6,811	\$ 6,678	\$ 4,468	\$ 8,368	\$ 7,600	\$ 9,036	
Revenue	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056	\$ 19,057	\$ 19,565	\$ 22,003	\$ 21,774	\$ 23,083	
Net income (loss) margin	79%	(7%)	10%	14%	9%	4%	16%	12%	18%	
Adjusted EBITDA margin	34%	18%	32%	36%	35%	23%	38%	35%	39%	

(In thousands, except share data)	(Unaudited)									
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	
Net income (loss)	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637	\$ 1,719	\$ 863	\$ 3,440	\$ 2,686	\$ 4,213	
Share-based compensation expense	1,369	1,328	1,402	1,393	1,657	1,496	1,596	1,827	1,706	
Amortization of share-based compensation capitalized										
in intangible assets	328	347	364	380	394	402	409	413	413	
Acquisition-related costs	54	18	7	-	-	-	-	370	(12)	
Litigation costs	1	-	27	(27)	7	117	9	4	60	
Write-off of long-lived assets	2	1	-	-	82	3	2	1	-	
Discrete tax items	(10,272)	-	-	-	-	-	-	-	-	
Tax effect of adjustments	(1,363)	(274)	(339)	(443)	(568)	(1,394)	(616)	(906)	(619)	
Adjusted net income	2,614	350	3,245	3,940	3,291	1,487	4,840	4,395	5,761	
Earnings (loss) per share:										
Basic	0.90	(0.08)	0.13	0.19	0.12	0.06	0.25	0.19	0.30	
Diluted	0.87	(0.08)	0.13	0.19	0.12	0.06	0.24	0.18	0.29	
Adjusted earnings per share:										
Basic	0.19	0.03	0.23	0.29	0.24	0.11	0.35	0.31	0.41	
Diluted	0.18	0.02	0.23	0.28	0.23	0.10	0.33	0.30	0.39	
Weighted average shares outstanding:										
Basic	13,952,426.00	13,985,426.00	13,997,064.00	13,780,074.00	13,782,476.00	13,900,091.00	13,998,028.00	14,018,629.00	14,027,994.00	
Diluted	14,329,878.00	14,307,797.00	14,164,506.00	14,051,466.00	14,311,575.00	14,366,545.00	14,491,713.00	14,553,282.00	14,618,657.00	

(In thousands)	(Unaudited)									
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	
Revenue	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056	\$ 19,057	\$ 19,565	\$ 22,003	\$ 21,774	\$ 23,083	
Cost of revenue (exclusive of depreciation and amortization)	(3,313)	(3,337)	(3,756)	(3,455)	(3,314)	(3,472)	(3,661)	(3,501)	(3,622)	
Depreciation and amortization related to cost of revenue	(2,112)	(2,154)	(2,214)	(2,322)	(2,382)	(2,431)	(2,500)	(2,595)	(2,651)	
Gross profit	10,412	9,570	11,541	13,279	13,361	13,662	15,842	15,678	16,810	
Depreciation and amortization of certain intangible assets	2,112	2,154	2,214	2,322	2,382	2,431	2,452	2,560	2,615	
Adjusted gross profit	\$ 12,524	\$ 11,724	\$ 13,755	\$ 15,601	\$ 15,743	\$ 16,093	\$ 18,294	\$ 18,238	\$ 19,425	
Gross margin	66%	64%	66%	70%	70%	70%	72%	72%	73%	
Adjusted gross margin	79%	78%	79%	82%	83%	82%	83%	84%	84%	

(In thousands)	(Unaudited)									
	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	
Net cash provided by operating activities	\$ 5,789	\$ 4,204	\$ 4,305	\$ 5,717	\$ 7,247	\$ 6,691	\$ 5,001	\$ 7,487	\$ 10,172	
Less:										
Purchase of property and equipment	(47)	(24)	(65)	(52)	(35)	(17)	(50)	(202)	(187)	
Capitalized costs included in intangible assets	(2,412)	(2,103)	(2,327)	(2,411)	(2,380)	(2,280)	(2,469)	(2,515)	(2,695)	
Free cash flow	\$ 3,330	\$ 2,077	\$ 1,913	\$ 3,254	\$ 4,832	\$ 4,394	\$ 2,482	\$ 4,770	\$ 7,290	

Use of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, adjusted gross profit, adjusted gross margin, and free cash flow ("FCF"). Adjusted EBITDA is a financial measure equal to net income (loss), the most directly comparable financial measure based on US GAAP, excluding interest income, income tax (benefit) expense, depreciation and amortization, share-based compensation expense, litigation costs, and write-off of long-lived assets and others, as noted in the tables below. We define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenue. We define adjusted net income as net income (loss), adjusted to exclude share-based compensation expense, amortization of share-based compensation capitalized in intangible assets, acquisition-related costs, litigation costs, and write-off of long-lived assets, and discrete tax items, and to include the tax effect of adjustments. We define adjusted earnings per share as adjusted net income divided by the weighted average shares outstanding. We define adjusted gross profit as gross profit plus depreciation and amortization of certain intangible assets, and adjusted gross margin as adjusted gross profit as a percentage of revenue. We define FCF as net cash provided by operating activities reduced by purchase of property and equipment and capitalized costs included in intangible assets.