

Condensed Consolidated Statements of Operations



(In thousands, except share data)	(Unaudited)								
	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Revenue	\$ 12,494	\$ 15,026	\$ 13,069	\$ 14,626	\$ 14,680	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056
Costs and expenses:									
Cost of revenue (exclusive of depreciation and amortization)	2,920	3,067	3,054	3,179	3,240	3,313	3,337	3,756	3,455
Sales and marketing expenses	2,822	2,623	2,998	3,889	3,078	3,365	3,501	3,712	4,406
General and administrative expenses	5,300	5,465	7,119	5,241	5,075	5,223	6,907	5,790	5,750
Depreciation and amortization	1,613	1,713	1,815	1,916	2,054	2,171	2,211	2,270	2,377
Total costs and expenses	12,655	12,868	14,986	14,225	13,447	14,072	15,956	15,528	15,988
(Loss) income from operations	(161)	2,158	(1,917)	401	1,233	1,765	(895)	1,983	3,068
Interest (expense) income, net	-	125	225	286	315	346	387	365	314
Gain on extinguishment of debt	-	-	-	-	-	-	-	-	-
Income (loss) before income taxes	(161)	2,283	(1,692)	687	1,548	2,111	(508)	2,348	3,382
Income tax expense (benefit)	44	25	(148)	(29)	160	(10,384)	562	564	745
Net income (loss)	\$ (205)	\$ 2,258	\$ (1,544)	\$ 716	\$ 1,388	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637
Earnings (loss) per share:									
Basic	\$ (0.01)	\$ 0.16	\$ (0.11)	\$ 0.05	\$ 0.10	\$ 0.90	\$ (0.08)	\$ 0.13	\$ 0.19
Diluted	\$ (0.01)	\$ 0.16	\$ (0.11)	\$ 0.05	\$ 0.10	\$ 0.87	\$ (0.08)	\$ 0.13	\$ 0.19
Weighted average number of shares outstanding:									
Basic	13,776,479	13,748,587	13,964,010	13,997,154	13,961,862	13,952,426	13,985,426	13,997,064	13,780,074
Diluted	13,776,479	13,764,262	13,964,010	14,236,771	14,172,024	14,329,878	13,985,426	14,164,506	14,051,466

Condensed Consolidated Balance Sheets



(In thousands, except share data)	6/30/2022	9/30/2022	12/31/2022	3/31/2023	(Unaudited)	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
ASSETS:										
Current assets:										
Cash and cash equivalents	\$ 32,328	\$ 31,273	\$ 31,810	\$ 30,818	\$ 31,368	\$ 34,210	\$ 32,032	\$ 32,147	\$ 30,943	
Accounts receivable, net of allowance for doubtful accounts	4,157	6,473	5,535	5,889	6,556	6,805	7,135	7,871	7,963	
Prepaid expenses and other current assets	953	849	771	1,310	1,325	1,178	1,113	1,491	1,483	
Total current assets	37,438	38,595	38,116	38,017	39,249	42,193	40,280	41,509	40,389	
Property and equipment, net	671	664	709	692	640	627	592	601	598	
Intangible assets, net	29,774	30,831	31,647	32,521	33,175	33,992	34,403	34,962	35,487	
Goodwill	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227	
Right-of-use assets	1,394	1,255	1,114	969	821	2,589	2,457	2,323	2,185	
Deferred tax asset	-	-	-	-	-	10,021	9,514	9,043	8,433	
Other non-current assets	137	137	601	894	765	627	517	361	1,133	
Total assets	\$ 74,641	\$ 76,709	\$ 77,414	\$ 78,320	\$ 79,877	\$ 95,276	\$ 92,990	\$ 94,026	\$ 93,452	
LIABILITIES AND SHAREHOLDERS' EQUITY:										
Current liabilities:										
Accounts payable	\$ 1,448	\$ 1,596	\$ 2,229	\$ 2,345	\$ 1,694	\$ 1,989	\$ 1,631	\$ 2,353	\$ 1,969	
Accrued expenses and other current liabilities	626	562	1,845	411	424	372	1,989	4,741	594	
Current portion of operating lease liabilities	655	674	692	711	731	548	569	588	529	
Deferred revenue	622	539	670	763	627	527	690	652	597	
Total current liabilities	3,351	3,371	5,436	4,230	3,476	3,436	4,879	8,334	3,689	
Noncurrent operating lease liabilities	953	778	598	413	222	2,149	1,999	1,845	1,765	
Deferred tax liabilities	395	405	287	257	411	-	-	-	-	
Total liabilities	4,699	4,554	6,321	4,900	4,109	5,585	6,878	10,179	5,454	
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	(134)	(18)	-	(201)	(52)	(168)	(188)	(4,143)	(236)	
Additional paid-in capital	92,178	92,017	92,481	94,293	95,104	96,648	94,159	94,065	91,672	
Accumulated deficit	(22,116)	(19,858)	(21,402)	(20,686)	(19,298)	(6,803)	(7,873)	(6,089)	(3,452)	
Total shareholders' equity	69,942	72,155	71,093	73,420	75,768	89,691	86,112	83,847	87,998	
Total liabilities and shareholders' equity	\$ 74,641	\$ 76,709	\$ 77,414	\$ 78,320	\$ 79,877	\$ 95,276	\$ 92,990	\$ 94,026	\$ 93,452	

Condensed Consolidated Statements of Cash Flows



(In thousands, except share data)	Q2'22	Q3'22	Q4'22	Q1'23	(Unaudited) Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
CASH FLOWS FROM OPERATING ACTIVITIES:									
Net income (loss)	\$ (205)	\$ 2,258	\$ (1,544)	\$ 716	\$ 1,388	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Depreciation and amortization	1,613	1,713	1,815	1,916	2,054	2,171	2,211	2,270	2,377
Share-based compensation expense	1,406	1,273	1,439	1,384	1,305	1,369	1,328	1,402	1,393
Write-off of long-lived assets	-	3	171	3	-	1	2	-	-
Provision for bad debts	24	35	78	668	121	124	175	70	154
Noncash lease expenses	135	139	141	145	148	151	132	134	138
Deferred income tax expense (benefit)	22	10	(118)	(30)	154	(10,432)	507	471	610
Changes in assets and liabilities:									
Accounts receivable	380	(2,351)	860	(1,022)	(788)	(373)	(505)	(806)	(246)
Prepaid expenses and other current assets	128	104	78	(539)	(15)	147	65	(378)	8
Other non-current assets	-	-	(464)	(293)	129	138	110	156	(772)
Accounts payable	(785)	148	633	116	(651)	295	(358)	722	(384)
Accrued expenses and other current liabilities	50	52	1,301	(1,460)	9	(22)	1,573	(1,347)	(4)
Deferred revenue	(91)	(83)	131	93	(136)	(100)	163	(38)	(55)
Operating lease liabilities	(152)	(156)	(162)	(166)	(171)	(175)	(129)	(135)	(139)
Net cash provided by operating activities	<u>2,525</u>	<u>3,145</u>	<u>4,359</u>	<u>1,531</u>	<u>3,547</u>	<u>5,789</u>	<u>4,204</u>	<u>4,305</u>	<u>5,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:									
Purchase of property and equipment	(108)	(50)	(102)	(44)	(7)	(47)	(24)	(65)	(52)
Capitalized costs included in intangible assets	(2,099)	(2,246)	(2,317)	(2,273)	(2,236)	(2,412)	(2,103)	(2,327)	(2,411)
Net cash used in investing activities	<u>(2,207)</u>	<u>(2,296)</u>	<u>(2,419)</u>	<u>(2,317)</u>	<u>(2,243)</u>	<u>(2,459)</u>	<u>(2,127)</u>	<u>(2,392)</u>	<u>(2,463)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:									
Proceeds from issuance of shares, net of issuance costs	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement of vesting of restricted stock units	(2,765)	(1,539)	(890)	(31)	(19)	(147)	(1,795)	(383)	(20)
Repurchases of common stock	-	(365)	(513)	(175)	(735)	(341)	(2,460)	(1,415)	(4,438)
Net cash (used in) provided by financing activities	<u>(2,765)</u>	<u>(1,904)</u>	<u>(1,403)</u>	<u>(206)</u>	<u>(754)</u>	<u>(488)</u>	<u>(4,255)</u>	<u>(1,798)</u>	<u>(4,458)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,447)</u>	<u>(1,055)</u>	<u>537</u>	<u>(992)</u>	<u>550</u>	<u>2,842</u>	<u>(2,178)</u>	<u>115</u>	<u>(1,204)</u>
Cash and cash equivalents at beginning of period	34,775	32,328	31,273	31,810	30,818	31,368	34,210	32,032	32,147
Cash and cash equivalents at end of period	<u>\$ 32,328</u>	<u>\$ 31,273</u>	<u>\$ 31,810</u>	<u>\$ 30,818</u>	<u>\$ 31,368</u>	<u>\$ 34,210</u>	<u>\$ 32,032</u>	<u>\$ 32,147</u>	<u>\$ 30,943</u>
SUPPLEMENTAL DISCLOSURE INFORMATION									
Cash paid for interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ 37	\$ 2	\$ 1	\$ 21	\$ 33	\$ 27	\$ -	\$ 439
Share-based compensation capitalized in intangible assets	\$ 422	\$ 470	\$ 428	\$ 459	\$ 413	\$ 517	\$ 462	\$ 446	\$ 436
Retirement of treasury stock	\$ 2,765	\$ 1,904	\$ 1,403	\$ 31	\$ 907	\$ 342	\$ 4,279	\$ 1,942	\$ 4,222
Right-of-use assets obtained in exchange of operating lease liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,919	\$ -	\$ -	\$ -
Operating lease liabilities arising from obtaining right-of-use assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,919	\$ -	\$ -	\$ -

Non-GAAP Reconciliations



(In thousands)	(Unaudited)									
	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	
Net income (loss)	\$ (205)	\$ 2,258	\$ (1,544)	\$ 716	\$ 1,388	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637	
Interest expense (income), net	-	(125)	(225)	(286)	(315)	(346)	(387)	(365)	(314)	
Income tax expense (benefit)	44	25	(148)	(29)	160	(10,384)	562	564	745	
Depreciation and amortization	1,613	1,713	1,815	1,916	2,054	2,171	2,211	2,270	2,377	
Share-based compensation expense	1,406	1,273	1,439	1,384	1,305	1,369	1,328	1,402	1,393	
Litigation costs	76	37	4	3	45	1	-	27	(27)	
Write-off of long-lived assets and others	-	4	171	2	-	56	19	7	-	
Adjusted EBITDA	\$ 2,934	\$ 5,185	\$ 1,512	\$ 3,706	\$ 4,637	\$ 5,362	\$ 2,663	\$ 5,689	\$ 6,811	
Revenue	\$ 12,494	\$ 15,026	\$ 13,069	\$ 14,626	\$ 14,680	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056	
Net income (loss) margin	(2%)	15%	(12%)	5%	9%	79%	(7%)	10%	14%	
Adjusted EBITDA margin	23%	35%	12%	25%	32%	34%	18%	32%	36%	

(In thousands, except share data)	(Unaudited)									
	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	
Net income (loss)	\$ (205)	\$ 2,258	\$ (1,544)	\$ 716	\$ 1,388	\$ 12,495	\$ (1,070)	\$ 1,784	\$ 2,637	
Share-based compensation expense	1,406	1,273	1,439	1,384	1,305	1,369	1,328	1,402	1,393	
Amortization of share-based compensation capitalized in intangible assets	184	198	210	222	235	249	263	275	286	
Discrete tax items	-	-	-	-	-	(10,272)	-	-	-	
Tax effect of adjustments	-	-	-	-	-	(1,275)	(251)	(308)	(425)	
Adjusted net income (loss)	\$ 1,385	\$ 3,729	\$ 105	\$ 2,322	\$ 2,928	\$ 2,566	\$ 270	\$ 3,153	\$ 3,891	
Earnings (loss) per share:										
Basic	(0.01)	0.16	(0.11)	0.05	0.10	0.90	(0.08)	0.13	0.19	
Diluted	(0.01)	0.16	(0.11)	0.05	0.10	0.87	(0.08)	0.13	0.19	
Adjusted earnings (loss) per share:										
Basic	0.10	0.27	0.01	0.17	0.21	0.18	0.02	0.23	0.28	
Diluted	0.10	0.27	0.01	0.16	0.21	0.18	0.02	0.22	0.28	
Weighted average shares outstanding:										
Basic	13,776,479	13,748,587	13,964,010	13,997,154	13,961,862	13,952,426	13,985,426	13,997,064	13,780,074	
Diluted	14,109,243	13,764,262	14,205,633	14,236,771	14,172,024	14,329,878	14,307,797	14,164,506	14,051,466	

(In thousands)	(Unaudited)									
	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	
Revenue	\$ 12,494	\$ 15,026	\$ 13,069	\$ 14,626	\$ 14,680	\$ 15,837	\$ 15,061	\$ 17,511	\$ 19,056	
Cost of revenue (exclusive of depreciation and amortization)	(2,920)	(3,067)	(3,054)	(3,179)	(3,240)	(3,313)	(3,337)	(3,756)	(3,455)	
Depreciation and amortization of intangible assets	(1,551)	(1,659)	(1,758)	(1,858)	(1,995)	(2,112)	(2,154)	(2,214)	(2,322)	
Gross profit	8,023	10,300	8,257	9,589	9,445	10,412	9,570	11,541	13,279	
Depreciation and amortization of intangible assets	1,551	1,659	1,758	1,858	1,995	2,112	2,154	2,214	2,322	
Adjusted gross profit	\$ 9,574	\$ 11,959	\$ 10,015	\$ 11,447	\$ 11,440	\$ 12,524	\$ 11,724	\$ 13,755	\$ 15,601	
Gross margin	64%	69%	63%	66%	64%	66%	64%	66%	70%	
Adjusted gross margin	77%	80%	77%	78%	78%	79%	78%	79%	82%	

(In thousands)	(Unaudited)									
	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	
Net cash provided by operating activities	\$ 2,525	\$ 3,145	\$ 4,359	\$ 1,531	\$ 3,547	\$ 5,789	\$ 4,204	\$ 4,305	\$ 5,717	
Less:										
Purchase of property and equipment	(108)	(50)	(102)	(44)	(7)	(47)	(24)	(65)	(52)	
Capitalized costs included in intangible assets	(2,099)	(2,246)	(2,317)	(2,273)	(2,236)	(2,412)	(2,103)	(2,327)	(2,411)	
Free cash flow	\$ 318	\$ 849	\$ 1,940	\$ (786)	\$ 1,304	\$ 3,330	\$ 2,077	\$ 1,913	\$ 3,254	

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 (loss), adjusted earnings (loss) per share, adjusted gross profit, adjusted gross margin and FCF. Adjusted EBITDA is a financial measure equal to net (loss) income, the most directly comparable financial measure based on US GAAP, excluding interest (income) expense, net, income tax (benefit) expense, depreciation and amortization, share-based compensation expense, gain on extinguishment of debt, 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), excluding share-based compensation expense, amortization of share-based compensation capitalized in intangible assets, and discrete tax items, and including 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 revenue less cost of revenue (exclusive of depreciation and amortization), 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.