

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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): August 17, 2021

DecisionPoint Systems, Inc.  
(Exact name of registrant as specified in its charter)

Delaware	333-245695	37-1644635
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
DecisionPoint Systems, Inc. 8697 Research Drive Irvine, California		92618
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (949) 465-0065

(Former name or former 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 (see General Instruction A.2. below):

- Written communications 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
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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.

**Item 2.02 Results of Operations and Financial Condition**

On August 17, 2021, DecisionPoint Systems, Inc. (the "Company") issued an earnings release for the second quarter ended June 30, 2021. The press release is furnished as Exhibit 99.1 and is incorporated herein by reference. Exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (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 of the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of DecisionPoint Systems, Inc. dated August 17, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

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.

DECISIONPOINT SYSTEMS, INC.

Dated: August 17, 2021

By: /s/ Melinda Wohl

Name: Melinda Wohl

Title: Vice President Finance and Administration



## DecisionPoint Systems Announces Second Quarter 2021 Results

### Strengthened Balance Sheet with Reduced Debt by \$2.4 million

IRVINE, California -August 17, 2021-DecisionPoint Systems, Inc. (OTCQB: DPSI), today announced financial results for the second quarter of 2021.

#### Second Quarter 2021 Highlights

- Sales for the second quarter of 2021 were \$15.2 million, a slight decrease of \$0.5 million, or 3.1% from the second quarter of 2020. The decrease was driven by lower hardware sales, in part due to significant hardware upgrades that occurred in the prior year period from one of our largest customers and supply chain issues impacting product availability in the second quarter of 2021 and. The supply shortage will likely affect hardware sales over the remainder of the year. The decrease in sales were partially offset by \$2.9 million in sales from ExtenData, a business we acquired in December 2020.
- Overall gross margin decreased 200 basis points primarily due to higher costs for hardware sales coupled with a lower gross margin for professional services associated with an increase in fixed payroll and benefits costs as compared to the same prior year period. Additional investments were made in the first half of 2021 for new managed services offerings requiring additional headcount to grow our professional services business which we expect to increase overall gross margins in the future.
- Net income for the second quarter of 2021 was \$0.2 million, or \$0.01 per diluted share, compared with net income of \$1.0 million, or \$0.06 per diluted share in the second quarter of 2020. The decrease in net income was primarily due to an increase in SG&A costs associated with ExtenData operations that were acquired in December 2020.
- EBITDA decreased 54.4% to \$0.5 million for the second quarter of 2021 versus the second quarter of 2020.

“We are pleased with our results for the first half of 2021. Due to the lumpy nature of our business, a comparison to the first half of 2020, the best first half in our recent history, would be a challenging one. With that being said, we continue to grow our professional services business which grew to \$7.7 million, or 25%, as compared to the first half of 2020 and we generated cash flows from operations of \$2.5 million. We further strengthened our financial position by securing a new line of credit of \$9.0 million in July reducing our interest rate to 2.75% in the process. Additionally, we strengthened our balance sheet with a reduction in long-term debt which has reduced our interest expense by 242%”, said Steve Smith, Chief Executive Officer. “We are seeing sales growth in our expanded portfolio of mobility-first enterprise services and solutions. Operationally, we’ve gained momentum from the integration of recently acquired ExtenData while expanding our geographic presence into the Rocky Mountain and Southwest Regions. It remains our plan to continue our growth in professional services and target acquisitions that would allow us to further expand into new regions and product offerings. I remain excited by the organic and inorganic growth opportunities we are pursuing and am confident it will fuel our growth in the second half of 2021 and into 2022 and beyond.”

#### Balance Sheet and Liquidity

Our cash and accounts receivable were \$14.2 million at June 30, 2021, compared to \$18.4 million at December 31, 2020. Cash provided by operations in the first half of 2021 was \$2.5 million, as compared to \$1.3 million in the first half of 2020. Overall debt is lower by \$2.4 million than it was at the beginning of the year. At June 30, 2021, we had no borrowings under the line of credit.

#### Conference Call Information

A conference call to discuss these financial results is scheduled for today, August 17, 2021, at 4:30 p.m. ET (1:30 p.m. PT). Investors, analysts, and all parties interested in listening to the call are invited to dial (877) 407-3982 (domestic) or (201) 493-6780 (international) at 4:25 p.m. ET (1:25 p.m. PT). The conference call will also be available to interested parties through a live webcast at <http://public.viavid.com/index.php?id=146343>. Please log in at least 15 minutes prior to the start of the call to register and download any necessary software.

A telephone replay of the call will be available until August 24, 2021, by dialing (844) 512-2921 (domestic) or (412) 317-6671 (international) and entering the conference identification number: 13722554. Please note participants must enter the conference identification number in order to access the replay.

#### About DecisionPoint Systems

DecisionPoint Systems Inc. delivers mobility-first managed service and integration solutions to healthcare, supply chain, and retail customers, enabling them to make better and faster decisions in the moments that matter—the decision points. Our mission is to help businesses consistently deliver on those moments—accelerating growth, improving worker productivity, and lowering risks and costs.

For more information about DecisionPoint Systems, Inc., visit [www.decisionpt.com](http://www.decisionpt.com).

#### Forward-Looking Statements

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995 that are based on management’s beliefs and assumptions and on information currently available to management. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by forward-looking statements. Forward-looking statements in this press release may include statements about our plans to obtain funding for our current and proposed operations and potential acquisition and expansion efforts; the ultimate impact of the COVID-19 pandemic, or any other health epidemic, on our business, our clientele or the global economy as a whole; debt obligations of the Company; our general history of operating losses; our ability to compete with companies producing products and services; the scope of protection we are able to establish and maintain for intellectual property rights covering our products and technology; the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; our ability to develop and maintain our corporate infrastructure, including our internal controls; our ability to develop innovative new products; and our financial performance. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this press release, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. We qualify all of our forward-looking statements by these cautionary statements. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements other than as required by law. You are advised, however, to review any further disclosures we make on related subjects in our periodic filings with the Securities and Exchange Commission.

**Investor Relations Contact:**Carol Arakaki  
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**DecisionPoint Systems, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
*(in thousands, except per share data)*

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,967	\$ 2,005
Accounts receivable, net	11,235	16,438
Inventory, net	1,136	884
Deferred costs	1,964	1,744
Prepaid expenses and other current assets	343	67
Total current assets	<u>17,645</u>	<u>21,138</u>
Operating lease assets	457	583
Property and equipment, net	742	751
Deferred costs, net of current portion	1,727	2,097
Deferred tax assets	1,991	1,973
Intangible assets, net	4,112	4,663
Goodwill	8,128	8,128
Other assets	22	22
Total assets	<u>\$ 34,824</u>	<u>\$ 39,355</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 8,122	\$ 12,852
Accrued expenses and other current liabilities	2,852	2,807
Deferred revenue	6,478	4,617
Line of credit	—	1,206
Due to related parties	59	34
Current portion of operating lease liabilities	269	261
Total current liabilities	<u>17,780</u>	<u>21,777</u>
Deferred revenue, net of current portion	2,811	3,140
Long-term debt	150	1,361
Noncurrent portion of operating lease liabilities	203	340
Other liabilities	437	873
Total liabilities	<u>21,381</u>	<u>27,491</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value; 50,000 shares authorized; 13,882 and 13,576 shares issued and outstanding, respectively	14	14
Additional paid-in capital	38,305	38,229
Accumulated deficit	(24,876)	(26,379)
Total stockholders' equity	<u>13,443</u>	<u>11,864</u>
Total liabilities and stockholders' equity	<u>\$ 34,824</u>	<u>\$ 39,355</u>

**DecisionPoint Systems, Inc.**  
**Unaudited Condensed Consolidated Statements of Income and Comprehensive Income**  
*(in thousands, except per share data)*

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net sales:				
Product	\$ 11,574	\$ 12,667	\$ 23,497	\$ 27,762
Service	3,595	2,986	7,744	6,178
Net sales	<u>15,169</u>	<u>15,653</u>	<u>31,241</u>	<u>33,940</u>
Cost of sales:				
Product	9,208	9,945	18,657	22,019
Service	2,465	1,790	5,250	3,685
Cost of sales	<u>11,673</u>	<u>11,735</u>	<u>23,907</u>	<u>25,704</u>
Gross profit	3,496	3,918	7,334	8,236
Operating expenses:				
Sales and marketing expense	1,910	1,336	3,799	2,980
General and administrative expenses	1,474	1,084	3,094	2,232

Total operating expenses	3,384	2,420	6,893	5,212
Operating income	112	1,498	441	3,024
Interest expense	21	72	50	171
Gain on extinguishment of debt	—	—	(1,211)	—
Other income	—	(10)	—	(10)
Income before income taxes	91	1,436	1,602	2,863
Income tax (benefit) expense	(79)	421	99	819
Net income and comprehensive income attributable to common stockholders	\$ 170	\$ 1,015	\$ 1,503	\$ 2,044
Earnings per share attributable to stockholders:				
Basic	\$ 0.01	\$ 0.07	\$ 0.11	\$ 0.15
Diluted	\$ 0.01	\$ 0.06	\$ 0.10	\$ 0.13
Weighted average common shares outstanding				
Basic	13,882	13,576	13,826	13,576
Diluted	14,784	15,642	15,294	15,642

4

**DecisionPoint Systems, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
*(in thousands)*

	Six Months Ended June 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 1,503	\$ 2,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	715	378
Gain on extinguishment of debt	(1,211)	63
Amortization of deferred financing costs and note discount	25	48
Share-based compensation expense	74	762
Deferred income taxes, net	(18)	3
Changes in operating assets and liabilities:		
Accounts receivable	5,203	(4,608)
Inventory, net	(252)	3,493
Deferred costs	150	101
Prepaid expenses and other current assets	(301)	26
Other assets, net	—	—
Accounts payable	(4,730)	(1,343)
Accrued expenses and other current liabilities	(221)	(71)
Due to related parties	25	(16)
Operating lease liabilities	(3)	(43)
Deferred revenue	1,532	451
Net cash provided by operating activities	2,491	1,288
<b>Cash flows from investing activities</b>		
Cash paid for acquisitions	(170)	—
Purchases of property and equipment	(155)	(51)
Net cash used in investing activities	(325)	(51)
<b>Cash flows from financing activities</b>		
Line of credit, net	(1,206)	(2,070)
Repayment of term debt	—	(125)
Proceeds from issuance of term debt	—	1,211
Proceeds from exercise of stock options	2	—
Net cash used in financing activities	(1,204)	(984)
Change in cash	962	253
Cash, beginning of period	2,005	2,620
Cash, end of period	\$ 2,967	\$ 2,873

5

**Non-GAAP Financial Measure:**

This press release includes information relating to EBITDA which the Securities and Exchange Commission has defined as a "non-GAAP financial measure." EBITDA is defined as net income before interest expense, net, income tax expense, and depreciation and amortization (EBITDA). We believe EBITDA may provide investors with useful information of how our current primary operating results relate to our historical performance. The non-GAAP financial measure provided is not meant to be considered as a substitute for GAAP financials. We caution investors that amounts presented in accordance with our definitions of EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies calculate EBITDA in the same manner.

The following is a reconciliation of net income to EBITDA (unaudited and in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020

**Reconciliation of Net Income to EBITDA**

Net income	\$ 170	\$ 1,015	\$ 1,503	\$ 2,044
Interest expense	21	72	50	171
Income tax (benefit) expense	(79)	421	99	819
Depreciation and amortization (1)	355	203	715	378
EBITDA	<u>\$ 467</u>	<u>\$ 1,025</u>	<u>\$ 2,367</u>	<u>\$ 3,412</u>

(1) Recorded within general and administration expenses and cost of sales within our Unaudited Condensed Consolidated Statements of Income and Comprehensive Income.