

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): November 15, 2021

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

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

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 November 15, 2021, DecisionPoint Systems, Inc. (the "Company") issued an earnings release for the third quarter ended September 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        | <a href="#">Press Release of DecisionPoint Systems, Inc. dated November 15, 2021</a> |
| 104         | Cover Page Interactive Data File (embedded within the Inline XBRL document).         |

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: November 15, 2021

By: /s/ Melinda Wohl  
Name: Melinda Wohl  
Title: Vice President Finance and Administration



## DecisionPoint Systems Announces Third Quarter 2021 Results

**Revenue grew 64% compared to the third quarter of 2020, and EBITDA more than doubled YoY to \$1.2 million as the Company's strategic transformation continues**

IRVINE, California -November 15, 2021-DecisionPoint Systems, Inc. (OTCQB: DPSI), today announced financial results for the third quarter of 2021.

### Third Quarter 2021 Highlights

- Sales for the third quarter of 2021 were \$18.2 million, an increase of \$7.1 million, or 64%, from the third quarter of 2020. The increase was driven by higher hardware sales, including from three large enterprise customers in healthcare and retail verticals. \$3.0 million of that growth was from ExtenData, a business we acquired in December 2020 as part of our strategic transformation plan.
- Gross margin increased 390 basis points, driven by a mix shift to higher margin services and hardware products.
- Net income for the third quarter of 2021 was \$0.6 million, or \$0.04 per diluted share, compared with net income of \$0.2 million, or \$0.01 per diluted share in the third quarter of 2020. This increase was primarily due to higher sales volume, partially offset by an increase in SG&A costs resulting from our ExtenData acquisition.
- EBITDA more than doubled to \$1.2 million for the third quarter of 2021 versus the third quarter of 2020.

"We had a very strong third quarter, featuring 64% top line growth. Our results reflect both our commitment to, and success in our core strategic initiatives: increasing coverage and share in new geographic markets, and bringing our expanded service offerings to both our existing customer base and new prospects. Despite the supply chain challenges that our industry continues to face, our team executed very well on our plans, delivering solid revenue, gross, and net margin performances, all underscoring success in our planned approach to driving increased shareholder value", said Steve Smith, Chief Executive Officer. "This year we have made and will continue to make substantial investments in our services infrastructure and offerings which we believe will have a transformative effect on our business over time as we seek to transform the business in offering additional managed services and building substantial SaaS revenue with our efforts to better serve our customers' needs."

Smith concluded, "We're confident in building on this momentum, enabled by our expanded portfolio of mobility-first enterprise services and solutions. Our managed services offerings in particular set us apart from others, as a genuine strategic partner for our customers, and clear industry leader."

### Balance Sheet and Liquidity

Our cash and accounts receivable were \$14.5 million on September 30, 2021, compared to \$18.4 million on December 31, 2020. Cash flow from operations in the first nine months of 2021 was \$2.2 million, as compared to \$3.4 million in the first nine months of 2020. Overall debt is lower by \$2.4 million than at the beginning of the year. As of September 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 Thursday, November 18, 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 [https://viaavid.webcasts.com/starthere.jsp?ei=1513877&tp\\_key=e51df3cd8](https://viaavid.webcasts.com/starthere.jsp?ei=1513877&tp_key=e51df3cd8). 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 November 25, 2021, by dialing (844) 512-2921 (domestic) or (412) 317-6671 (international) and entering the conference identification number: 13725205. 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:**

ir@decisionpt.com

**DecisionPoint Systems, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
*(in thousands, except per share data)*

|  | <u>September 30,</u><br><u>2021</u> | <u>December 31,</u><br><u>2020</u> |
|--|-------------------------------------|------------------------------------|
| <b>ASSETS</b>  |                                     |                                    |
| Current assets:  |                                     |                                    |
| Cash   | \$ 2,596                            | \$ 2,005                           |
| Accounts receivable, net   | 11,890                              | 16,438                             |
| Inventory, net   | 1,151                               | 884                                |
| Deferred costs   | 2,163                               | 1,744                              |
| Prepaid expenses and other current assets  | 372                                 | 67                                 |
| Total current assets   | <u>18,172</u>                       | <u>21,138</u>                      |
| Operating lease assets   | 393                                 | 583                                |
| Property and equipment, net  | 780                                 | 751                                |
| Deferred costs, net of current portion   | 1,699                               | 2,097                              |
| Deferred tax assets  | 1,802                               | 1,973                              |
| Intangible assets, net   | 3,838                               | 4,663                              |
| Goodwill   | 8,128                               | 8,128                              |
| Other assets   | 38                                  | 22                                 |
| Total assets   | <u>\$ 34,850</u>                    | <u>\$ 39,355</u>                   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                     |                                    |
| Current liabilities:   |                                     |                                    |
| Accounts payable   | \$ 9,627                            | \$ 12,852                          |
| Accrued expenses and other current liabilities   | 2,844                               | 2,807                              |
| Deferred revenue   | 4,507                               | 4,617                              |
| Line of credit   | —                                   | 1,206                              |
| Due to related parties   | —                                   | 34                                 |
| Current portion of operating lease liabilities   | 273                                 | 261                                |
| Total current liabilities  | <u>17,251</u>                       | <u>21,777</u>                      |
| Deferred revenue, net of current portion   | 2,746                               | 3,140                              |
| Long-term debt   | 150                                 | 1,361                              |
| Noncurrent portion of operating lease liabilities  | 133                                 | 340                                |
| Other liabilities  | 505                                 | 873                                |
| Total liabilities  | <u>20,785</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; 13,990 and 13,576 shares issued and outstanding, respectively | 14                                  | 14                                 |
| Additional paid-in capital   | 38,315                              | 38,229                             |
| Accumulated deficit  | (24,264)                            | (26,379)                           |
| Total stockholders' equity   | <u>14,065</u>                       | <u>11,864</u>                      |
| Total liabilities and stockholders' equity   | <u>\$ 34,850</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</u><br><u>September 30,</u> |               | <u>Nine Months Ended</u><br><u>September 30,</u> |               |
|----------------|---|---------------|--|---------------|
|                | <u>2021</u>                                       | <u>2020</u>   | <u>2021</u>                                      | <u>2020</u>   |
| Net sales:     |   |               |  |               |
| Product        | \$ 14,349   | \$ 8,175      | \$ 37,846  | \$ 35,936     |
| Service        | 3,870   | 2,944         | 11,614   | 9,123         |
| Net sales      | <u>18,219</u>                                     | <u>11,119</u> | <u>49,460</u>                                    | <u>45,059</u> |
| Cost of sales: |   |               |  |               |
| Product        | 11,267  | 6,784         | 29,948   | 28,576        |
| Service        | 2,764   | 2,213         | 7,990  | 6,152         |
| Cost of sales  | <u>14,031</u>                                     | <u>8,997</u>  | <u>37,938</u>                                    | <u>34,728</u> |
| Gross profit   | 4,188   | 2,122         | 11,522   | 10,331        |

|   |         |         |          |          |
|---|---------|---------|----------|----------|
| Operating expenses:   |         |         |          |          |
| Sales and marketing expense   | 1,812   | 1,021   | 5,611    | 4,001    |
| General and administrative expenses                                     | 1,498   | 1,027   | 4,592    | 3,232    |
| Total operating expenses  | 3,310   | 2,048   | 10,203   | 7,233    |
| Operating income  | 878     | 74      | 1,319    | 3,098    |
| Interest expense  | (17)    | (61)    | (67)     | (232)    |
| Gain on extinguishment of debt  | —       | —       | 1,211    | —        |
| Other income  | —       | 202     | —        | 212      |
| Income before income taxes  | 861     | 215     | 2,463    | 3,078    |
| Income tax (expense) benefit  | (249)   | 2       | (348)    | (817)    |
| Net income and comprehensive income attributable to common stockholders | \$ 612  | \$ 217  | \$ 2,115 | \$ 2,261 |
| Earnings per share attributable to stockholders:                        |         |         |          |          |
| Basic   | \$ 0.04 | \$ 0.02 | \$ 0.15  | \$ 0.17  |
| Diluted   | \$ 0.04 | \$ 0.01 | \$ 0.15  | \$ 0.14  |
| Weighted average common shares outstanding                              |         |         |          |          |
| Basic   | 13,915  | 13,576  | 13,856   | 13,576   |
| Diluted   | 14,459  | 15,642  | 14,548   | 15,642   |

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

|   | Nine Months Ended<br>September 30, |          |
|---|------------------------------------|----------|
|   | 2021                               | 2020     |
| <b>Cash flows from operating activities</b>                                       |                                    |          |
| Net income  | \$ 2,115                           | \$ 2,261 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |          |
| Depreciation and amortization   | 1,031                              | 564      |
| Gain on extinguishment of debt  | (1,211)                            | —        |
| Amortization of deferred financing costs and note discount                        | 25                                 | 93       |
| Share-based compensation expense  | 109                                | 73       |
| Deferred income taxes, net  | 171                                | 770      |
| Provision for doubtful accounts   | —                                  | 24       |
| Changes in operating assets and liabilities:                                      |                                    |          |
| Accounts receivable   | 4,548                              | (137)    |
| Inventory, net  | (267)                              | 2,885    |
| Deferred costs  | (21)                               | 288      |
| Prepaid expenses and other current assets   | (346)                              | (3)      |
| Accounts payable  | (3,225)                            | (3,543)  |
| Accrued expenses and other current liabilities                                    | (161)                              | 69       |
| Due to related parties  | (34)                               | (17)     |
| Operating lease liabilities   | (5)                                | (43)     |
| Deferred revenue  | (504)                              | 144      |
| Net cash provided by operating activities   | 2,225                              | 3,431    |
| <b>Cash flows from investing activities</b>                                       |                                    |          |
| Cash paid for acquisitions  | (170)                              | (298)    |
| Purchases of property and equipment   | (235)                              | (55)     |
| Net cash used in investing activities   | (405)                              | (353)    |
| <b>Cash flows from financing activities</b>                                       |                                    |          |
| Line of credit, net   | (1,206)                            | (3,177)  |
| Repayment of term debt  | —                                  | (143)    |
| Proceeds from issuance of term debt   | —                                  | 1,308    |
| Taxes paid in lieu of shares issued for share-based compensation                  | (25)                               | —        |
| Proceeds from exercise of stock options   | 2                                  | —        |
| Net cash used in financing activities   | (1,229)                            | (2,015)  |
| Change in cash  | 591                                | 1,063    |
| Cash, beginning of period   | 2,005                              | 2,620    |
| Cash, end of period   | \$ 2,596                           | \$ 3,683 |

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**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):

|   | <b>Three Months Ended<br/>September 30,</b> |               | <b>Nine Months Ended<br/>September 30,</b> |                 |
|---|---|---------------|--|-----------------|
|   | <b>2021</b>                                 | <b>2020</b>   | <b>2021</b>                                | <b>2020</b>     |
| <b>Reconciliation of Net Income to EBITDA</b> |   |               |  |                 |
| Net income                                    | \$ 612                                      | \$ 217        | \$ 2,115                                   | \$ 2,261        |
| Interest expense                              | 17  | 61            | 67   | 232             |
| Income tax expense (benefit)                  | 249   | (2)           | 348  | 817             |
| Depreciation and amortization (1)             | 316   | 186           | 1,031                                      | 564             |
| EBITDA  | <u>\$ 1,194</u>                             | <u>\$ 462</u> | <u>\$ 3,561</u>                            | <u>\$ 3,874</u> |

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