

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): May 16, 2022

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

Delaware
(State or other jurisdiction of
incorporation or organization)

333-245695
(Commission File Number)

37-1644635
(I.R.S. Employer
Identification No.)

DecisionPoint Systems, Inc.
1615 South Congress Avenue Suite 103
Delray Beach, Florida
(Address of principal executive offices)

33445
(Zip Code)

Registrant's telephone number, including area code: (561) 900-3723

(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 | Name on Each Exchange on Which Registered |
|---------------------------------|----------------|---|
| Common Stock, \$0.001 par value | DPSI | NYSE American |

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 May 16, 2022, DecisionPoint Systems, Inc. (the "Company") issued an earnings release for the first quarter ended March 31, 2022. 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 May 16, 2022 |
| 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: May 16, 2022

By: /s/ Melinda Wohl

Name: Melinda Wohl

Title: Vice President Finance and Administration


DecisionPoint Systems Announces First Quarter 2022 Results
Revenue increased 22.7% to a record \$19.7 million
GAAP net Income and diluted EPS of \$0.9 million and \$0.11
Non-GAAP net income and non-GAAP diluted EPS increased 116.3% and 200.0%
Adjusted EBITDA increased 38.7% to \$1.1 million

DELRAY BEACH, Fla., May 16, 2022 /PRNewswire/ — DecisionPoint™ Systems, Inc. (NYSE American: DPSI), a mobility-first enterprise services and solutions company today announced first quarter 2022 financial results.

“Our mobility-first strategy is working as we had our best revenue quarter ever,” said Steve Smith, chief executive officer. “We saw broad-based strength across our verticals and continued to take advantage of our strong relationships to procure products from our OEM and distribution partners, enabling us to build up inventory for deals that will ship over the next few quarters.

“We also made two strategic acquisitions during the quarter – Advanced Mobile Group and Boston Technologies. These acquisitions strengthen our positions in the Transportation and Direct Store Delivery verticals and the integration is progressing quickly, and we expect to realize cost synergies over the next few quarters. Looking to sales, we are already seeing evidence that we are capturing synergies with 10 to 20 new cross-selling opportunities in various stages of the sales pipeline.”

First Quarter Highlights (2022 versus 2021)

- Revenue increased 22.7% to \$19.7 million;
- Gross Profit increased 21.8% to \$4.7 million;
- GAAP Net Income and diluted EPS decreased to \$0.9 million and \$0.11, respectively;
- Non-GAAP Net Income and non-GAAP diluted EPS increased 116.3% and 200.0% to \$0.5 million and \$0.06, respectively;
- Adjusted EBITDA increased 38.7% to \$1.1 million;
- Backlog as of March 31, 2022 was \$21 million.

First Quarter Select Financial Metrics: 2022 versus 2021
(in \$M except for EPS)

| | 1Q22 | 1Q21 | Change |
|--|---------|---------|--------|
| Total Revenue | \$ 19.7 | \$ 16.1 | 22.7% |
| Hardware and Software | \$ 14.3 | \$ 10.5 | 36.6% |
| Services Revenue | \$ 4.1 | \$ 4.1 | -0.1% |
| Consumables Revenue | \$ 1.3 | \$ 1.5 | -12.3% |
| Gross Profit | \$ 4.7 | \$ 3.8 | 21.8% |
| Operating Income | \$ 0.2 | \$ 0.3 | -27.7% |
| GAAP Net Income | \$ 0.9 | \$ 1.3 | -35.9% |
| GAAP Diluted Earnings Per Share | \$ 0.11 | \$ 0.17 | -35.3% |
| Non-GAAP Net Income | \$ 0.5 | \$ 0.2 | 116.3% |
| Non-GAAP Diluted EPS | \$ 0.06 | \$ 0.02 | 200.0% |
| Adjusted EBITDA | \$ 1.1 | \$ 0.8 | 38.7% |

* numbers may not add due to rounding

Balance Sheet and Liquidity as of March 31, 2022

Cash and cash equivalents were \$9.3 million, compared to \$2.6 million on December 31, 2021. Long-term debt was \$0.1 million, roughly flat to December 31, 2021.

Net cash provided by operating activities was \$11.7 million compared to \$1.3 million in the first quarter of 2021.

2022 Commentary

“Looking to the remainder of the year, we have several ongoing initiatives that will drive our mobility-first strategy. We continue to build out our services offerings, especially managed services, that will bring higher margin growth opportunities. We will also continue to integrate our recent acquisitions and maximize synergies, including continued cross and upselling. As a result, we are providing full-year 2022 revenue guidance of \$79 to \$82 million, which represents 22 to 26% growth versus 2021. We also expect approximately \$19 million to come from services. Within this range, we expect Adjusted EBITDA to be between \$3.5 and \$3.9 million,” concluded Smith.

Conference Call and Webcast Information

DecisionPoint’s earnings release will be filed on Form 8-K and posted on the DecisionPoint investor relations website (<https://www.decisionpt.com/investing-in-decisionpoint/>) at approximately 7:30 a.m. Eastern on May 16, 2022. Management will host an earnings conference call and webcast beginning at 10:00 a.m. Eastern Time. Management’s presentation of the results, outlook and strategy will be followed by Q&A with investors.

Live Call Information:

Date: May 16, 2022
Time: 10:00 a.m. Eastern Time
Dial-in: Toll Free: 1-877-407-3982
Dial-in: Toll/International: 1-201-493-6780
Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=rxHnoEzM>

Replay Information:

Toll Free: 1-844-512-2921
Toll/International: 1-412-317-6671
Replay Pin Number: 13730026
Replay Start: Monday May 16, 2022, 1:00 PM ET
Replay Expiry: Monday May 23, 2022, 11:59 PM ET

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 <https://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:

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Brian@haydenir.com

DecisionPoint Systems, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par value)
(Unaudited)

| | March 31, 2022 | December 31, 2021 |
|--|---------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 9,349 | \$ 2,587 |
| Accounts receivable, net | 15,806 | 12,302 |
| Inventory, net | 1,050 | 2,111 |
| Deferred costs | 1,918 | 1,998 |
| Prepaid expenses and other current assets | 561 | 336 |
| Total current assets | 28,684 | 19,334 |
| Operating lease assets | 3,077 | 329 |
| Property and equipment, net | 1,190 | 834 |
| Deferred costs, net of current portion | 1,698 | 1,492 |
| Deferred tax assets | 2,638 | 1,999 |
| Intangible assets, net | 6,650 | 3,564 |
| Goodwill | 9,122 | 8,128 |
| Other assets | 68 | 50 |
| Total assets | <u>\$ 53,127</u> | <u>\$ 35,730</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,424 | \$ 10,273 |
| Accrued expenses and other current liabilities | 4,740 | 3,220 |
| Deferred revenue | 18,563 | 4,599 |

| | | |
|--|-----------|-----------|
| Current portion of long-term debt | 3 | 3 |
| Current portion of operating lease liabilities | 418 | 257 |
| Total current liabilities | 33,148 | 18,352 |
| Deferred revenue, net of current portion | 2,825 | 2,510 |
| Long-term debt | 145 | 146 |
| Noncurrent portion of operating lease liabilities | 2,854 | 83 |
| Other liabilities | 221 | 381 |
| Total liabilities | 39,193 | 21,472 |
| 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; 7,221 and 7,007 shares issued and outstanding, respectively | 7 | 7 |
| Additional paid-in capital | 38,038 | 39,216 |
| Accumulated deficit | (24,111) | (24,965) |
| Total stockholders' equity | 13,934 | 14,258 |
| Total liabilities and stockholders' equity | \$ 53,127 | \$ 35,730 |

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

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2022 | 2021 |
| Net sales: | | |
| Product | \$ 15,580 | \$ 11,925 |
| Service | 4,141 | 4,147 |
| Net sales | 19,721 | 16,072 |
| Cost of sales: | | |
| Product | 12,422 | 9,451 |
| Service | 2,625 | 2,783 |
| Cost of sales | 15,047 | 12,234 |
| Gross profit | 4,674 | 3,838 |
| Operating expenses: | | |
| Sales and marketing expense | 2,175 | 1,889 |
| General and administrative expenses | 2,261 | 1,620 |
| Total operating expenses | 4,436 | 3,509 |
| Operating income | 238 | 329 |
| Interest expense | (25) | (29) |
| Gain on extinguishment of debt | - | 1,211 |
| Other, net | 4 | - |
| Income before income taxes | 217 | 1,511 |
| Income tax benefit (expense) | 637 | (178) |
| Net income and comprehensive income attributable to common shareholders | \$ 854 | \$ 1,333 |
| Earnings per share attributable to common shareholders: | | |
| Basic | \$ 0.12 | \$ 0.19 |
| Diluted | \$ 0.11 | \$ 0.17 |
| Weighted average common shares outstanding | | |
| Basic | 7,104 | 6,945 |
| Diluted | 7,664 | 7,894 |

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

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2022 | 2021 |
| Cash flows from operating activities | | |
| Net income | \$ 854 | \$ 1,333 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 452 | 360 |
| Gain on extinguishment of debt | - | (1,211) |
| Amortization of deferred financing costs | - | 17 |
| Share-based compensation expense | 225 | 33 |
| Deferred income taxes, net | (639) | 43 |
| Changes in operating assets and liabilities: | | |

| | | |
|--|-----------------|-----------------|
| Accounts receivable | (2,102) | 5,847 |
| Inventory, net | 1,190 | (121) |
| Deferred costs | (3) | (178) |
| Prepaid expenses and other current assets | (225) | (326) |
| Other assets, net | (18) | (5) |
| Accounts payable | (1,407) | (4,696) |
| Accrued expenses and other current liabilities | (901) | (109) |
| Due to related parties | - | 18 |
| Operating lease liabilities | 184 | (2) |
| Deferred revenue | 14,059 | 255 |
| Net cash provided by operating activities | <u>11,669</u> | <u>1,258</u> |
| Cash flows from investing activities | | |
| Cash paid for acquisitions, net of cash acquired | (4,460) | (170) |
| Purchases of property and equipment | (447) | (73) |
| Net cash used in investing activities | <u>(4,907)</u> | <u>(243)</u> |
| Cash flows from financing activities | | |
| Line of credit, net | — | (1,206) |
| Proceeds from exercise of stock options | — | 2 |
| Net cash used in financing activities | <u>—</u> | <u>(1,204)</u> |
| Change in cash | 6,762 | (189) |
| Cash, beginning of period | 2,587 | 2,005 |
| Cash, end of period | <u>\$ 9,349</u> | <u>\$ 1,816</u> |

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Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements presented on a GAAP basis, we have provided non-GAAP financial information, namely non-GAAP Net Income, non-GAAP diluted EPS and Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization adjusted for transaction-related and non-recurring items). We believe that these non-GAAP measures provide investors with a better understanding of how the results relate to our historical performance as well as when comparing our results to other publicly-traded companies. The additional adjusted information is not meant to be considered in isolation or as a substitute for GAAP financials. Management believes that these adjusted measures reflect the essential operating activities of the Company. A reconciliation of non-GAAP financial information appears below:

DecisionPoint Systems, Inc.
Supplemental Financial Information
Reconciliation of Select GAAP Financial Measures to Non-GAAP Financial Measures
(in thousands, except per share data)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|----------------|
| | March 31, | |
| | 2022 | 2021 |
| Net income, as reported | \$ 854 | \$ 1,333 |
| Share-based compensation, net of taxes | 166 | 26 |
| Business acquisition costs, net of taxes | 130 | 50 |
| NYSE American uplisting costs, net of taxes | - | 11 |
| Gain on extinguishment of debt | - | (1,211) |
| Income tax benefit for exercise of stock options | (698) | - |
| Non-GAAP net income | <u>\$ 452</u> | <u>\$ 209</u> |
| Depreciation and amortization | 452 | 360 |
| Income taxes | 167 | 192 |
| Interest expense | 25 | 29 |
| Adjusted EBITDA | <u>\$ 1,096</u> | <u>\$ 790</u> |
| Diluted EPS, as reported | \$ 0.11 | \$ 0.17 |
| Share-based compensation, net of taxes | 0.02 | 0.00 |
| Business acquisition costs, net of taxes | 0.02 | 0.01 |
| Gain on extinguishment of debt | - | (0.16) |
| Income tax benefit for exercise of stock options | (0.09) | - |
| Non-GAAP Diluted EPS | <u>\$ 0.06</u> | <u>\$ 0.02</u> |
| Weighted average diluted common shares outstanding | 7,664 | 7,894 |

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