

April 2021

P F S W

PFSW Global Commerce Solutions

LiveArea



P F S

Important Cautions Regarding Forward Looking Statements

The matters discussed in this presentation, particularly information regarding future revenue, earnings, business plans and goals, consist of forward-looking information within the meaning of **Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934** and are subject to the safe harbor created by these sections and involve risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. Such statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These statements are based on assumptions and estimates that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are both subject to a wide range of business risks and uncertainties, and there is no assurance that these goals and projections can or will be met. Any number of factors could cause actual results to differ materially. The Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking information contained herein is subject to the risk factors and uncertainties described in the Company's filings with the Securities and Exchange Commission, which risk factors and uncertainties are incorporated by reference as though fully set forth herein.

This presentation contains certain non-GAAP measures including **Service Fee Equivalent Revenue, Non-GAAP Net Income (Loss), EBITDA and Adjusted EBITDA**. Service fee equivalent revenue represents service fee revenue plus the gross profit earned on product revenue and does not alter existing revenue recognition. Non-GAAP net income (loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for the impact of non-cash stock-based compensation expense, acquisition-related, restructuring and other (income) costs (including certain client related bankruptcy costs), amortization of acquisition-related intangible assets and deferred tax expense for goodwill amortization. EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization. Adjusted EBITDA further eliminates the effect of stock based compensation, as well as acquisition-related, restructuring and other (income) costs. Service Fee Equivalent Revenue, Non-GAAP Net Income (Loss), EBITDA, and Adjusted EBITDA are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry, as the calculation of Non-GAAP Net Income (Loss) eliminates the effect of non-cash stock-based compensation, acquisition-related, restructuring and other costs (including certain client related bankruptcy costs), amortization of acquisition related intangible assets and deferred tax expense for goodwill amortization. EBITDA eliminates the effect of financing, income taxes, and the accounting effects of capital spending, and the amortization of acquisition-related intangible benefits, and Adjusted EBITDA further eliminates non-cash stock-based compensation and acquisition-related, restructuring and other costs, which items may vary from different companies for reasons unrelated to overall operating performance. Service Fee Equivalent Revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis. The non-GAAP measures are not intended to be considered in isolation of, as a substitute for or superior to our GAAP financial information. We have included reconciliations later in this presentation of the non-GAAP measures to the nearest GAAP measure.

Key Stats¹

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TRADING DATA @ (3/31/21)

Stock Price
\$6.75

\$2.63/\$9.89
52 WEEK LOW/HIGH

105,801
AVG. DAILY VOL. (3 MO.)

20.4M
SHARES OUTSTANDING

77%
PUBLIC FLOAT, EST.

86%
INSTITUTIONAL/STRATEGIC
OWNER HOLDINGS

VALUATION MEASURES @ (3/31/21)

Enterprise Value
\$169.3M

\$137.5M
MARKET CAP

0.7x
EV/TTM SFE REVENUE²

8.8x
EV/TTM ADJ. EBITDA²

FINANCIAL HIGHLIGHTS (FY2020)

Adjusted EBITDA²
\$19.1M

\$342.5M
TOTAL REVENUE

\$258.9M
SERVICE FEE
EQUIVALENT REVENUE²

\$7.9M
NON-GAAP NET INCOME²

\$10.8M
CASH & EQUIVALENTS³

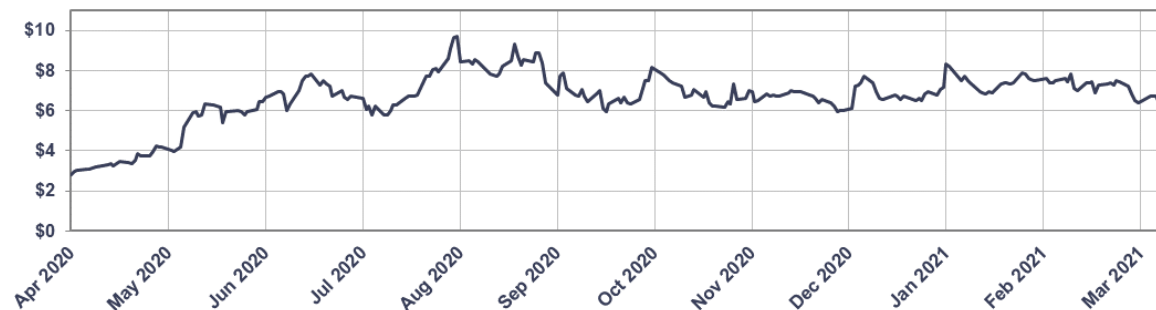
\$213.2M
TOTAL ASSETS³

\$42.5M
TOTAL DEBT³

\$160.8M
TOTAL LIABILITIES³

\$52.4M
TOTAL EQUITY³

STOCK TREND

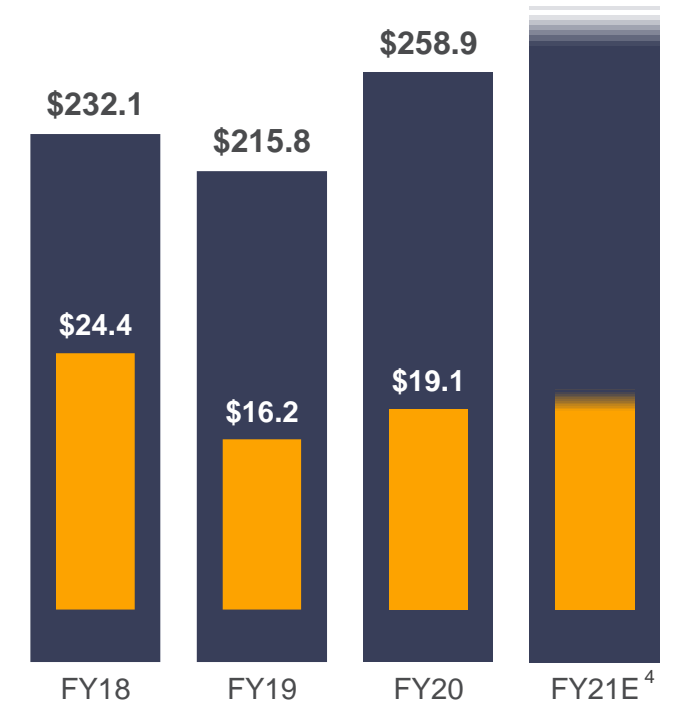


TARGETING CONTINUED GROWTH IN 2021

■ Service Fee Equivalent Revenue²

■ Adj. EBITDA²

(\$ Millions)



1. Source: Capital IQ

2. Service fee equivalent (SFE) revenue, Adjusted EBITDA and Non-GAAP net income are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure

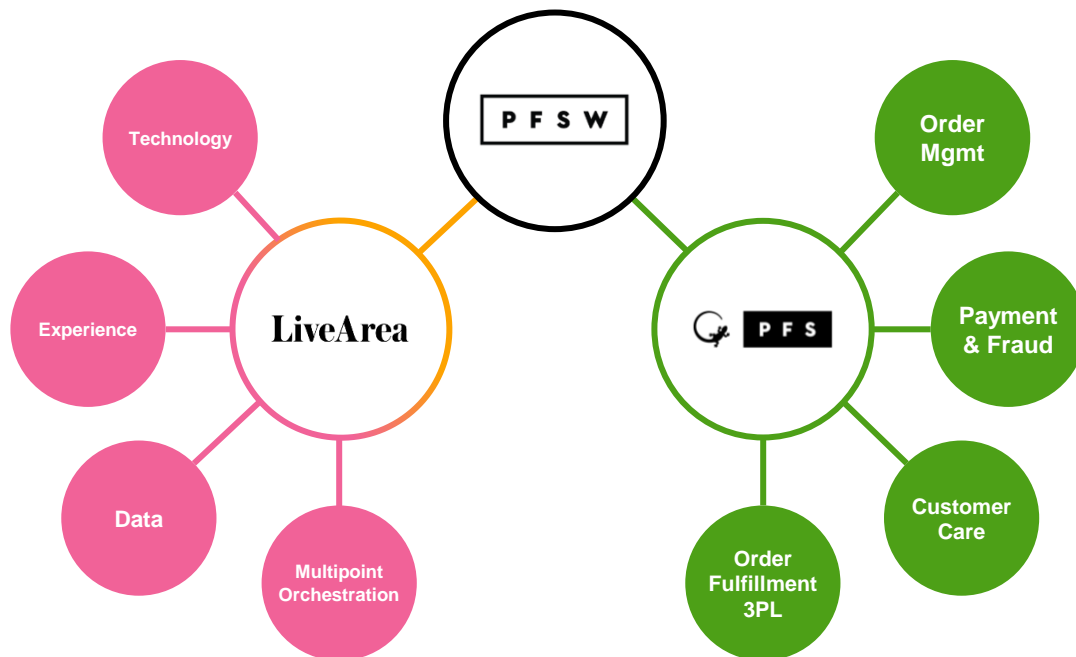
3. As of the fourth quarter ended December 31, 2020.

4. Company guidance issued and effective March 25, 2021 only.

About PFSweb

PFSW is a Global Commerce Services Company.

We manage the entire online customer shopping experience for major branded manufacturers and retailers. We do this through two business units, **LiveArea** and **PFS**:



Selected Client Portfolio

PANDORA

vari®

LANCÔME
PARIS

SHISEIDO


KENDRA SCOTT

la prairie
SWITZERLAND

CLARINS


UNITED STATES MINT

RALPH LAUREN

 **Entertainer**
TheToyShop.com

PartyCity


Roots

MOLESKINE


pig

bareMinerals

xerox 


SITKA

thrive
causemetics

PENDLETON

 Snap
av


The Safety Company

GORE®
WEAR

Kiehl's
SINCE 1851

 Champion

End Customer Journey

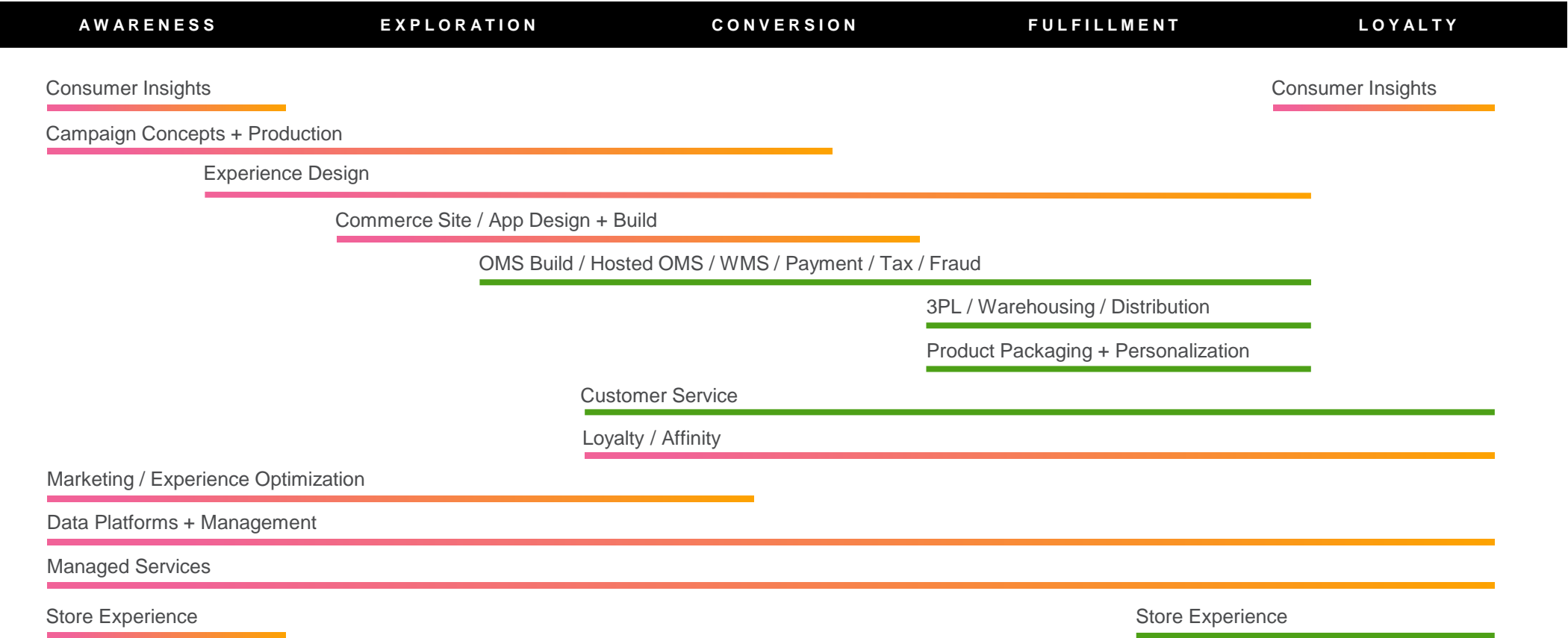


LiveArea

Digital Commerce



Operations Services



Why We Win

Our competitive advantage lies in our ability to create exceptional branded digital and physical shopping experiences at scale.

- Vertical expertise includes DTC and B2B brand manufacturers with a focus on health & beauty, fashion, jewelry and collectables, activewear, and premier CPG brands.
- Differentiated from retail marketplaces and general merchandise retailers – everything from website design services to personalized products and high-touch order fulfillment.
- Flexible approach to solutions that serve highly customized enterprise implementations, as well as plug and play integrations for SMBs.
- Proven technology infrastructure and operational practices that scale up for planned and unanticipated volume demand.
- Global footprint that spans three continents and enables clients to cost effectively expand into new geographies.
- Innovative use of technology and software development to create products and productized service offerings which expand our market beyond traditional BPO and systems integration.

Market experience, a complete end-to-end solution and an innovative, brand-centric approach separate us from our competition.

State of the Business

Business Unit Updates & Technology Innovation

Business Unit Update

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LiveArea

Strategic investments and re-engineered suite of services in 2020 have bolstered the pipeline and led to an anticipated record quarter of bookings early in 2021.

- Strong Q4 bookings represented a strong recovery and the second highest quarter in company history.
- Momentum carried over into 2021 and resulted in the largest sales pipeline in the company history– leading to an anticipated record-breaking quarter in Q1 2021.
- Gaining traction with strategic partners Salesforce and SAP with increased multi-cloud opportunities.
- New service offerings introduced including NXT Intelligence™, Service Design, and Product Innovation – resulting in the opening of an Innovation Lab and Creative Studio.
- Sustained service fee growth objective of 10-15%, with expanding AEBITDA margins.



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Focus on strong execution led to a record Q4 fulfillment volume and 25%+ service fee revenue growth in FY 20 as PFS benefited from pandemic-related eCommerce tailwinds.

- Scaled and ramped operational areas to deliver at high levels on client commitments with speed and efficiency - resulting in record fulfillment volume and high performance for clients.
- Opened Las Vegas area fulfillment center in Q1 2021 to provide crucial fulfillment capacity expansion for clients.
- Successful transition to a fully remote contact center workforce in Q2 2020 continues to improve operations.
- Holiday deployment of RetailConnect for an existing apparel client with plans to deploy additional stores in 2021.
- Healthy sales bookings to start 2021 with new brands and current clients expanding their order fulfillment solutions.
- Sustained service fee growth objective of 5-10%.

PFS performed at a high level for its clients in 2020, leading to a record DTC fulfillment quarter and full year.

- During Q4, order fulfillment volumes began early and continued strong during traditional holiday peak period generating an 88% increase in DTC order fulfillment activity compared to Q4 2019 with a total of 11 million orders – the largest quarter in company history.
- Orders fulfilled during Cyber Week increased 71% to over two million orders.
- In less than two full months of operations, PFS' two new fulfillment centers in Dallas and Belgium meaningfully expanded fulfillment capacity for key clients.
- Remote contact center operations continued to run smoothly, with less attrition than in previous years, resulting in over one million customer contacts answered in Q4 2020.
- Processed over \$3 billion in gross merchandise value through fulfillment activity in the full year 2020, and an additional \$400 million for order-to-cash platform only clients.
- Payment transaction value processed through PFS' financial services increased 51% to \$1.4 billion in the full year 2020.

4M+

ORDERS FULFILLED
EACH IN NOVEMBER
AND DECEMBER 2020

2M+

ORDERS FULFILLED
GLOBALLY FROM
BLACK FRIDAY TO
CYBER THURSDAY

1M

CUSTOMER CONTACTS
ANSWERED IN Q4 2020

\$3B+

GMV THROUGH
FULFILLMENT ACTIVITY
IN FY 2020

\$1.4B

PAYMENT
TRANSACTION VALUE
PROCESSED IN FY 2020

YoY Weekly Fulfillment Comparison

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Throughout 2020, order fulfillment volume exceeded 2019 volume beginning late in Q1, spiking in Q2, stabilizing in Q3 and then spiking again in Q4 for the traditional holiday demand. Full year order fulfillment volume grew 84% year over year and is the largest on record.

Fulfillment Enablement



RetailConnectSM is the PFS answer to store-fulfillment problems and inefficiencies.

With PFS fulfillment technology deployed into stores, retailers optimize their omnichannel offerings to their customers with minimal disruption to their store operations.

- PFS fulfillment technology and infrastructure is deployed inside a retailer's store complementing an existing omnichannel solution or replacing it altogether.
- Retailers gain an organized process, fulfillment efficiency and accuracy for their ship from store and in store pick up (BOPIS) orders.
- Pilot with a DFW artisan shop, implemented in Q4 2019, cut their order processing time in half. When COVID-19 forced their storefront closure, likely saved the family business by enabling cost-effective curbside pickup and ship from store.
- First RetailConnect production client launched in three stores during the holiday season¹ – shipping 5K orders and 12K units total – and resulting in ~30% increase in store fulfillment productivity². Expanded roll-out for this client is anticipated early in 2021, with multiple existing client sales opportunities in-process.



8K+

ORDERS SHIPPED IN 2020²

26K+

UNITS SHIPPED IN 2020²

1. Holiday season defined as November 1 – December 31, 2020.

2. As reported by our client for their largest footprint store as compared to the omni-channel system previously deployed in that location.

3. Combined stats for pilot and first production client.

Fulfillment Enablement



Increases fulfillment picking efficiency inside distribution centers.

CloudPickSM is a turn-key, cloud-based order fulfillment picking solution designed to be deployed into any distribution center. With Netherlands-based Pcddata as the hardware partner, the carts are manufactured by PFS with our proprietary software for a simple Wi-Fi integration.

- The bundled pick carts and cloud-based picking software are sold as a subscription model with an ongoing support contract.
- Improves pick accuracy and productivity while reducing operating expenses.
- Deployed our CloudPick-based fulfillment technology into a client's German distribution center for the holiday season – accounting for ~10% of their EU order volume from deployment in early November through the end of 2020.



Financials

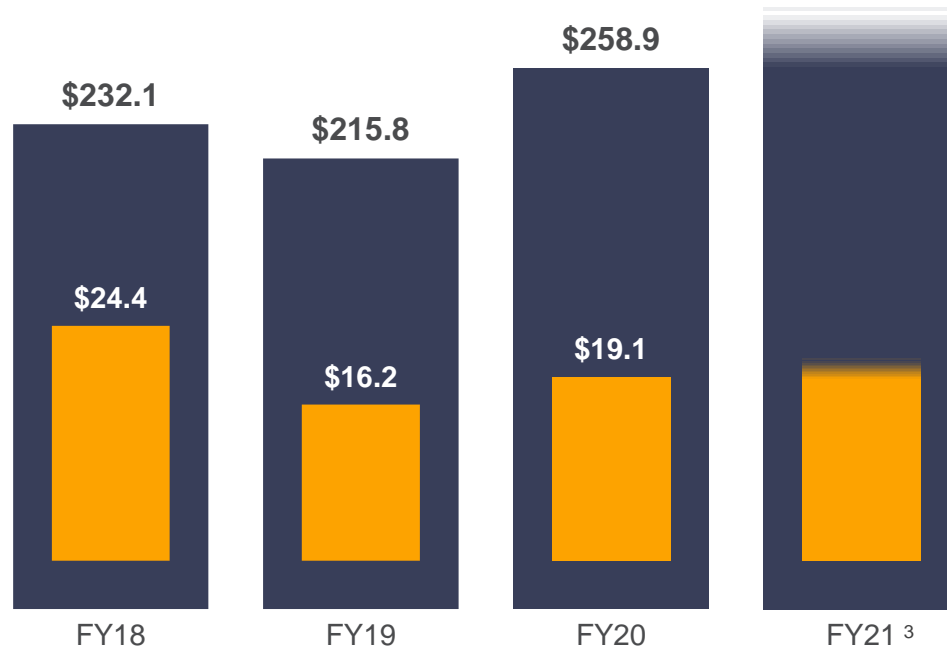
Overview of PFSweb's Financial Picture

Financial Breakdown

(\$ Millions)

■ Service Fee Equivalent Revenue¹

■ Adj. EBITDA¹



Margin ²	10.5%	7.5%	7.4%	7.4%+
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Achieved record-level SFE revenue in 2020

- Robust eCommerce demand of high fulfillment volumes and record holiday fulfillment volume drove revenue growth.
- Rebounded from PFS client bankruptcy and LiveArea sales underperformance in 2019.
- Recurring FY20 Service Fee Equivalent Revenue ~65%+
- Implementing new strategies to accelerate growth.
 - PFS: Fulfillment center expansion in key U.S. and EU regions, new tech products (RetailConnect & CloudPick), and traction from sales & marketing investments.
 - LiveArea: Leadership changes, go-to-market adjustments, and expanded service offerings.

Targeting moderate consolidated adjusted EBITDA margin expansion in 2021³

- Strong FY20 revenue growth partially offset by increased fulfillment labor rates and PPE costs totaling ~\$4-5M for the year.
- Long-term margin expansion objective of 12-13% targeted through emphasis on higher-margin service fee, leveraging global infrastructure, and continuous cost control initiatives and operating efficiencies.

1. Service Fee Equivalent Revenue and Adjusted EBITDA are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2. AEBITDA Margin reflects percentage of Adjusted EBITDA to Service Fee Equivalent Revenue

3. Company guidance issued and effective March 25, 2020 only.

Balance Sheet

(\$ Millions)

Select Balance Sheet Items	Dec 31, 2019	Dec 31, 2020
Cash	\$12.4	\$10.8
Accounts Receivable	72.3	81.5
Inventories	3.3	3.6
Property & Equipment, Net	18.4	19.2
Goodwill & Intangibles	46.5	46.3
Operating Lease Right-Of-Use Assets	36.4	35.0
Other	14.3	16.8
Total Assets	\$203.6	\$213.2
Accounts Payable	\$44.6	\$35.7
Accrued Expenses & Other	32.2	42.6
Operating Lease Liabilities	42.2	40.0
Debt	37.8	42.5
Total Liabilities	\$156.8	\$160.8
Total Shareholders' Equity	\$46.8	\$52.4

December 2020 Highlights

- \$10.8M cash
- \$42.5M debt
- Net debt position of \$31.7M
- Amended senior bank facility in Nov 2018 (\$60M capacity). Five-year agreement with improved rate structure and terms.

Investment Highlights

Rapid acceleration in online shopping brings tailwinds for PFSweb in 2021, as we are uniquely positioned as a leader in global commerce with a strong value proposition and can deliver branded commerce operations at scale.

- COVID crisis creating near and long-term benefits.
- Global footprint spanning three continents, brand-centric approach, and a diversified portfolio of clients provide a strong foundation for growth.
- Multiple avenues for growth and margin expansion as we implement new initiatives and introduce tech products that require limited PFS facility, operations infrastructure and labor support costs.
- Forrester Research expects online buyer behavior to remain strong over the next five years, with eCommerce driving more than half the growth in total retail sales between 2021 and 2024.¹
- Gartner recommends brands and retailers “accelerate the development and availability of fulfillment services by adopting an aggressive, targeted approach to expanding your last-mile fulfillment portfolio”.²
- Targeting 2021 service fee revenue growth for LiveArea at 10% to 15%, and PFS at 5% to 10%.³

PFSW’s competitive advantage lies in our ability to create exceptional branded digital and physical shopping experiences at scale.

1. Source: Forrester Research, 2020 Online Retail Forecast, North America (COVID-19 Update). September 15, 2020.
2. Source: Gartner Research, Dead Ends, Diversions and New Directions: How Retail's Last Mile Needs to Adapt to a Post-COVID World, August 2020.
3. Company guidance issued and effective on March 25, 2021.

**Thank
You**

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Senior Leadership Team



CEO

Mike Willoughby

- Promoted to CEO in March 2013
- 20 years with the company, 30+ years of business development and digital marketing experience



CFO

Tom Madden

- Appointed CFO in 1997
- 25 years with the company, 35+ years of finance and accounting experience



EVP and President of PFS

Zach Thomann

- Promoted to President in February 2021 and EVP in 2019
- 15 years with the company with client services, operations and technology experience



EVP and President of LiveArea

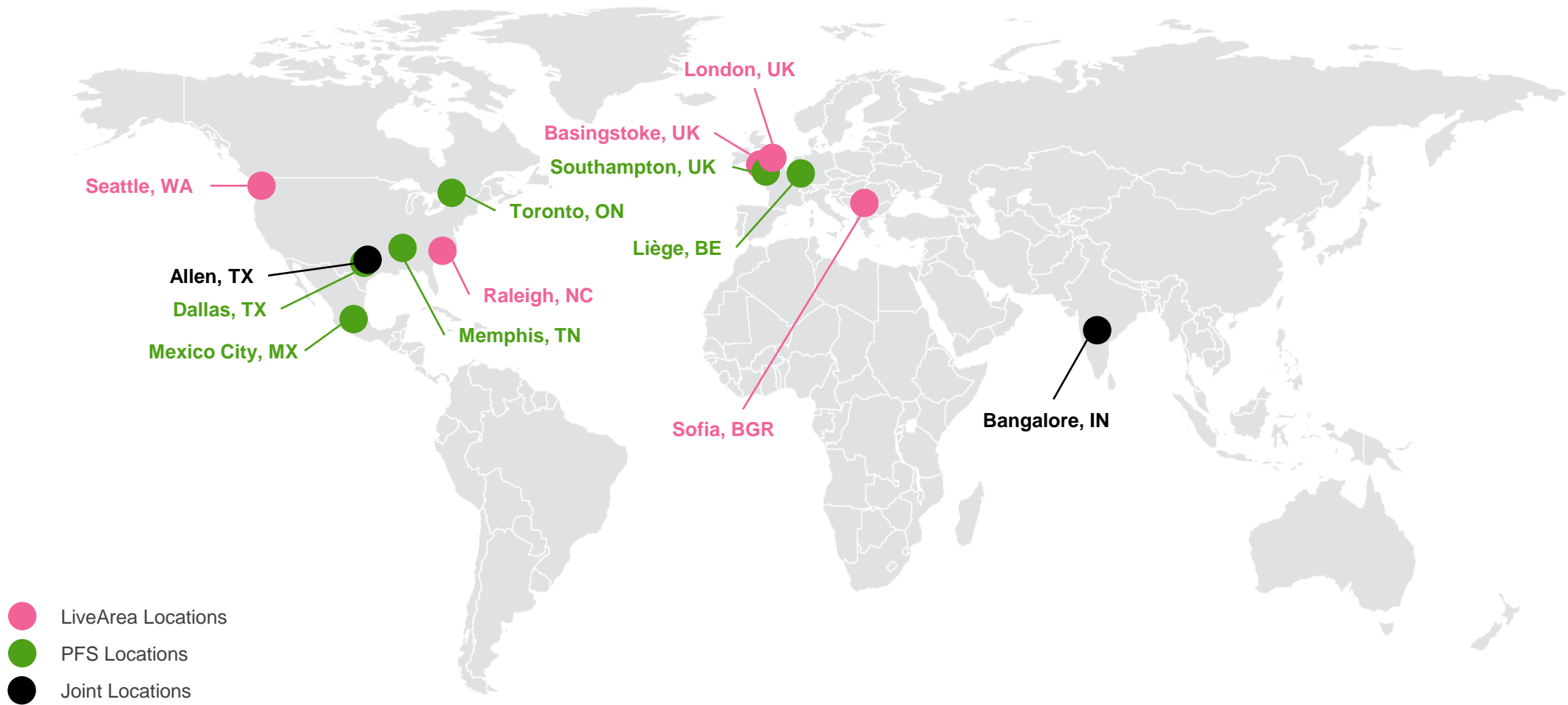
Jim Butler

- Joined in 2019 and promoted to President in February 2021
- 20+ years of technology and digital consulting experience, most recently served as president of Intersection and former president of Isobar

Board of Directors

Monica Luechtefeld Board Chair	<ul style="list-style-type: none">• BOD member since 2014• Recognized leader in eCommerce and previously held various executive roles at Office Depot
Mike Willoughby Chief Executive Officer	<ul style="list-style-type: none">• Promoted to CEO in March 2013• 20+ years of business development and digital marketing experience
David Beatson Independent Director	<ul style="list-style-type: none">• BOD member since 2000• Chief Executive Officer of Ascent Advisors, LLC a logistics and supply chain consulting firm
Benjamin Rosenzweig Independent Director	<ul style="list-style-type: none">• BOD member since 2013• Partner at Privet Fund Management LLC
Shinichi Nagakura Independent Director	<ul style="list-style-type: none">• BOD member since 2013• Officer at transcosmos inc., a leading Japanese BPO company, for the last 15 years
Robert Frankfurt Independent Director	<ul style="list-style-type: none">• BOD member since 2019• President and Founder of Myca Partners (“Myca”), and previously senior portfolio manager at Steel Partners and Sandell Asset Management
Mercedes De Luca Independent Director	<ul style="list-style-type: none">• BOD member since 2019• CIO of Pebble Beach Company, and 20+ years experience in the eCommerce, consumer Internet and software industries.

Global Locations



Revenue & GAAP Financials

Why we measure Service Fee Equivalent Revenue

Service Fee Revenue

- Service Fee Revenue represents our primary business activity across more than 160 clients
- **No inventory ownership required**
- Generates service fees based on recurring transaction-based activity and projects.

FY 20 Activity:

~\$3B Client Merchandise Fulfilled

= \$258M GAAP Service Fee Revenue or “Service Fee Equivalent Revenue”

Product Revenue

- Our Product Revenue activity relates to one client
- **Client requires us to take title of their inventory, and U.S. GAAP requires us to record the full value of their merchandise sold as Product Revenue**
- Gross profit of product revenue is therefore the best estimate of our service fees

FY 20 Activity:

\$22.9M Client Merchandise Fulfilled

= \$22.9M GAAP Product Revenue

= \$1M in Gross Profit or “Service Fee Equivalent Revenue”

\$258M + \$1M = \$259M Total Service Fee Equivalent Revenue

Reconciliation Tables

(\$ Millions)


Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA & Non-GAAP Net Income (Loss)

		2019					2020				
	2018 Cons	March Cons	June Cons	Sept Cons	Dec Cons	YTD Cons	March Cons	June Cons	Sept Cons	Dec Cons	YTD Cons
Net Income (Loss)	\$ 1.2	\$ (1.2)	\$ (1.0)	\$ (1.6)	\$ 1.6	\$ (2.2)	\$ (0.2)	\$ (1.0)	\$ (2.8)	\$ (1.5)	\$ (5.5)
Income tax expense (benefit)	2.8	0.2	0.3	(0.1)	0.7	1.2	0.4	0.6	0.6	0.4	2.1
Interest expense	2.5	0.5	0.4	0.5	0.5	1.9	0.4	0.4	0.4	0.3	1.5
Depreciation and amortization	9.8	2.5	2.4	2.5	2.3	9.7	2.2	1.8	1.9	2.3	8.2
Amortization of acquisition-related intangible assets	1.6	0.2	0.2	0.2	0.2	0.7	0.1	0.1	0.1	0.1	0.5
EBITDA	\$ 17.9	\$ 2.3	\$ 2.3	\$ 1.4	\$ 5.2	\$ 11.3	\$ 2.9	\$ 2.0	\$ 0.2	\$ 1.6	\$ 6.7
Stock-based compensation	4.0	0.7	0.7	0.9	0.8	3.0	0.5	5.2	3.2	1.9	10.8
Acquisition related, restructuring & other (income) costs	2.5	0.4	0.4	0.8	0.2	1.9	0.5	0.1	0.0	1.0	1.6
Adjusted EBITDA	\$ 24.4	\$ 3.3	\$ 3.4	\$ 3.1	\$ 6.3	\$ 16.2	\$ 4.0	\$ 7.2	\$ 3.4	\$ 4.5	\$ 19.1
Net Income (Loss)	\$ 1.2	\$ (1.2)	\$ (1.0)	\$ (1.6)	\$ 1.6	\$ (2.2)	\$ (0.2)	\$ (1.0)	\$ (2.8)	\$ (1.5)	\$ (5.5)
Stock-based compensation	4.0	0.7	0.7	0.9	0.8	3.0	0.5	5.2	3.2	1.9	10.8
Amortization of acquisition - related intangible assets	1.6	0.2	0.2	0.2	0.2	0.7	0.1	0.1	0.1	0.1	0.5
Acquisition related, restructuring & other costs	2.5	0.4	0.4	0.8	0.2	1.9	0.5	0.1	0.0	1.0	1.6
Deferred tax expense - goodwill amortization	0.5	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.5
Non-GAAP Net Income (Loss)	\$ 9.8	\$ 0.2	\$ 0.4	\$ 0.4	\$ 3.0	\$ 3.9	\$ 1.1	\$ 4.5	\$ 0.7	\$ 1.6	\$ 7.9

Reconciliation Tables

(\$ Thousands)

Reconciliation of Total Revenue to Service Fee Equivalent Revenue – PFSW Consolidated Results

	<u>2018</u>	<u>2019</u>	 <u>2020</u>
Total revenue	\$ 326,160	\$ 294,022	\$ 342,505
Pass-through revenue	(61,326)	(53,027)	(61,979)
Cost of product revenue	(32,710)	(25,158)	(21,594)
Service Fee Equivalent Revenue	<u>\$ 232,124</u>	<u>\$ 215,837</u>	<u>\$ 258,932</u>

Reconciliation Tables

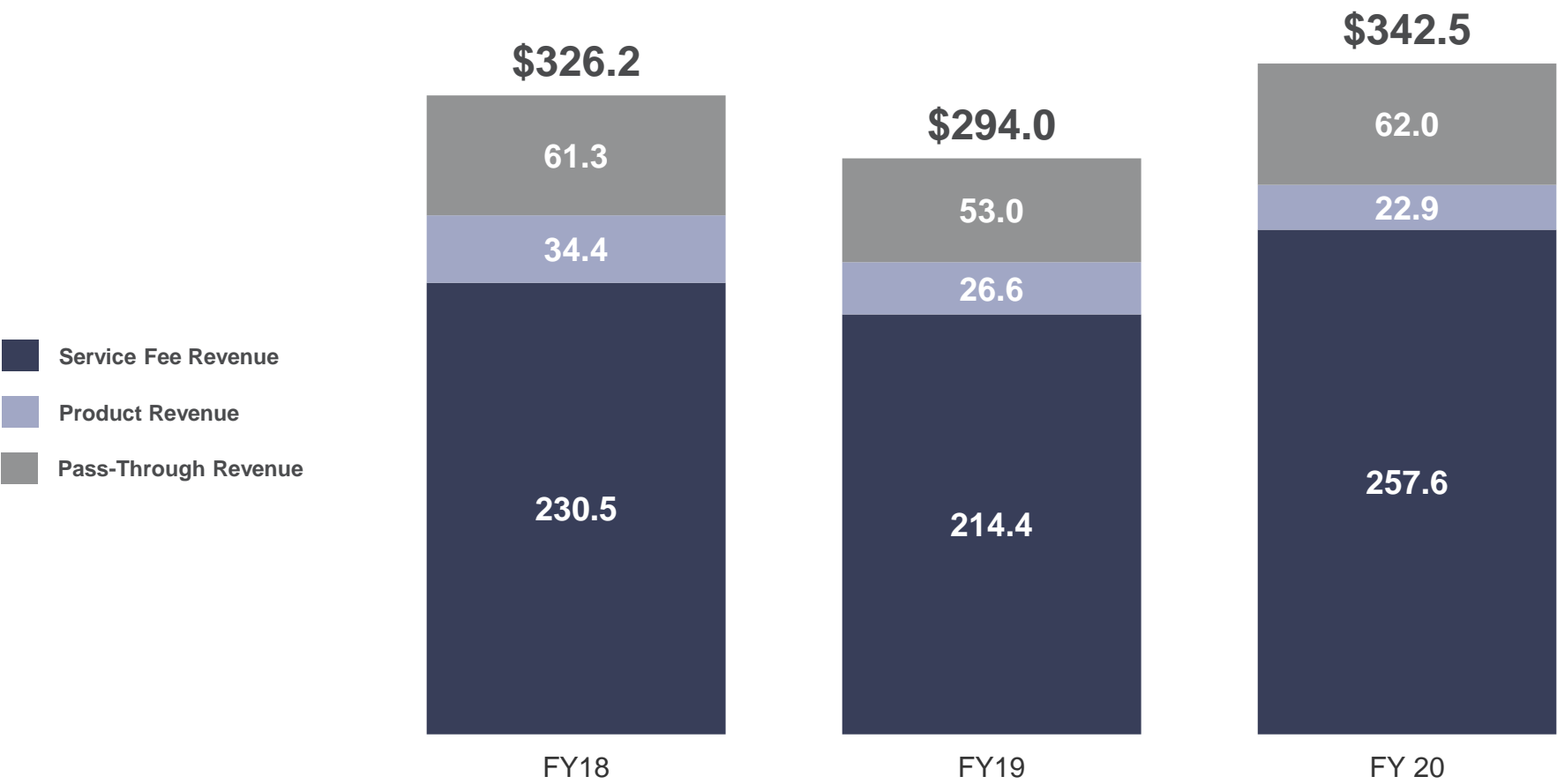
(\$ Thousands)

Reconciliation of Total Revenue to Service Fee Equivalent Revenue – PFS Operations Services

	2018					2019					2020				
	March Qtr	June Qtr	Sept Qtr	Dec Qtr	FY 2018	March Qtr	June Qtr	Sept Qtr	Dec Qtr	FY 2019	March Qtr	June Qtr	Sept Qtr	Dec Qtr	FY 2020
Total PFS Operations Revenue	\$56,487	\$56,615	\$56,277	\$72,356	\$241,735	\$53,430	\$49,250	\$48,515	\$65,204	\$216,399	\$54,920	\$61,245	\$55,404	\$85,038	\$256,607
Pass-through revenue	(11,800)	(14,574)	(15,702)	(17,238)	(59,314)	(12,876)	(11,412)	(10,760)	(15,248)	(50,296)	(13,956)	(13,917)	(11,836)	(19,165)	(58,874)
Cost of Product revenue	(9,316)	(8,403)	(8,099)	(6,891)	(32,709)	(7,077)	(5,791)	(6,250)	(6,040)	(25,158)	(7,123)	(5,590)	(4,019)	(4,862)	(21,594)
Service Fee Equivalent Revenue	\$35,371	\$33,638	\$32,476	\$48,227	\$149,712	\$33,477	\$32,047	\$31,505	\$43,916	\$140,945	\$33,841	\$41,738	\$39,549	\$61,011	\$176,139

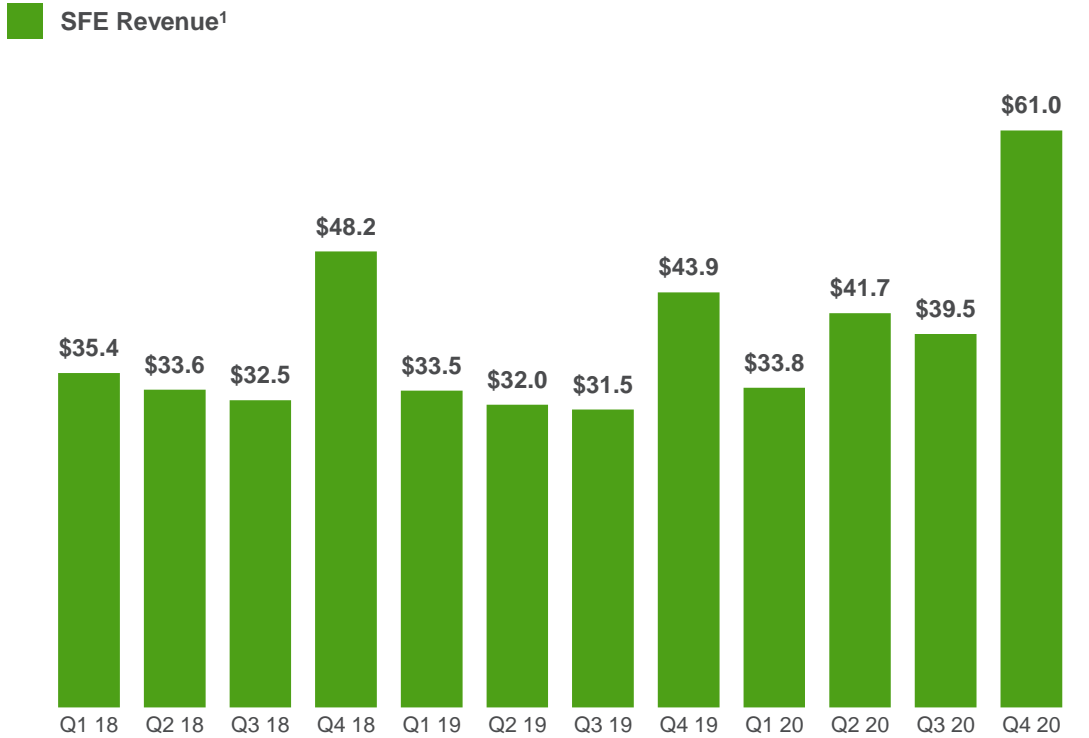
Total Revenue Breakdown

(\$ Millions)

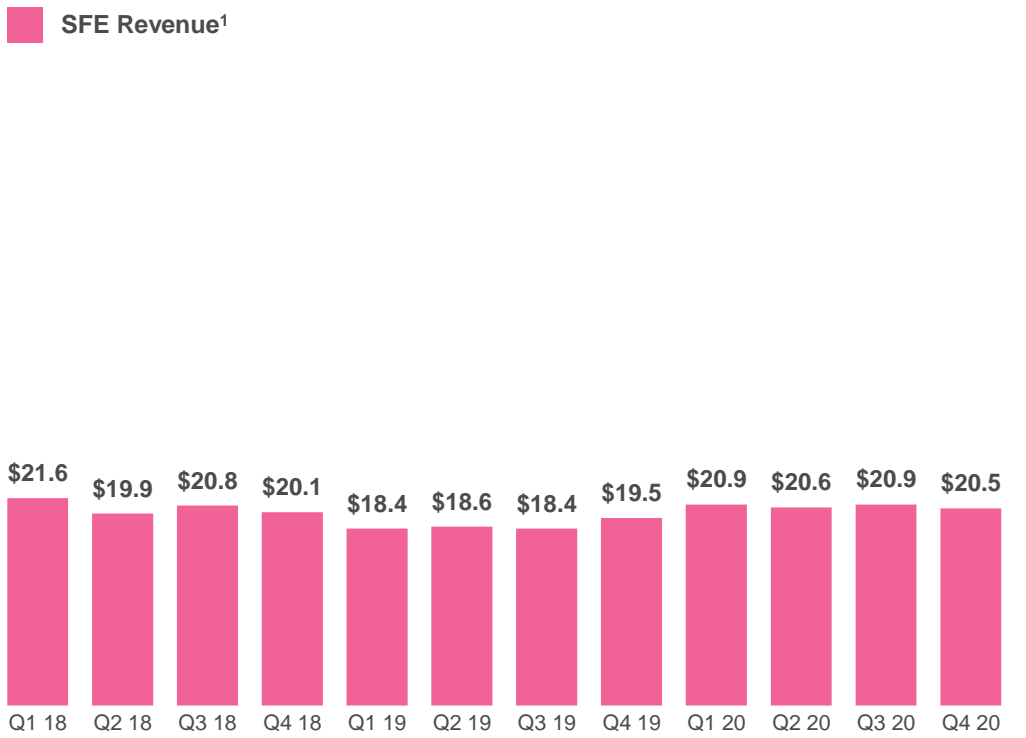


Business Unit Breakdown

(\$ Millions)



LiveArea



1. Service Fee Equivalent Revenue is a non-GAAP financial measures. See Appendix for a reconciliation to the most comparable GAAP financial measure.

Our History

1994

PFSW Founded

Born from a wholesale distributor of computer and office consumables, PFSweb, Inc. was founded to perform BPO services for retailers as the demand for outsourcing grew.

Expansion & IPO

Established distribution and call centers in Belgium and Canada. In addition, went public on the NASDAQ stock exchange (PFSW) in December 1999.

1999

2008

End-to-End

Launched solution that combined experienced BPO services together with new eCommerce web development services on Demandware to create an end-to-end solution.

Acquisition Expansion

Acquired 5 companies to expand professional services capabilities, platform and geographic diversity, and bolstered creative agency talent.

**2014-
2016**

2017

Business Unit Formation

Formally created two business units, LiveArea and PFS, under the parent to align our go-to-market strategy with market trends.

COVID-19 Response

Strategic and tactical adjustments to emphasize employee safety, while accommodating “peak like” volumes through our operations.

2020