

October 2020

**P F S W**

## **PFSW Global Commerce Solutions**

**LiveArea**  

# 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 Stats<sup>1</sup>

NASDAQ: PFSW

## TRADING DATA @ (10/9/20)

Stock Price  
**\$8.16**

\$1.50/\$9.89  
52 WEEK LOW/HIGH

122,537  
AVG. DAILY VOL. (3 MO.)

20.2M  
SHARES OUTSTANDING

77%  
PUBLIC FLOAT, EST.

87%  
INSTITUTIONAL/STRATEGIC  
OWNER HOLDINGS

## VALUATION MEASURES @ (10/9/20)

Enterprise Value  
**\$195.7M**

\$164.8M  
MARKET CAP

0.9x  
EV/2019 SFE REVENUE<sup>2</sup>

12.1x  
EV/2019 ADJ. EBITDA<sup>2</sup>

## FINANCIAL HIGHLIGHTS (FY 2019)

Adjusted EBITDA<sup>2</sup>  
**\$16.2M**

\$294.0M  
TOTAL REVENUE

\$215.8M  
SERVICE FEE  
EQUIVALENT REVENUE<sup>2</sup>

\$3.9M  
NON-GAAP NET INCOME<sup>2</sup>

\$12.4M  
CASH & EQUIVALENTS<sup>3</sup>

\$203.6M  
TOTAL ASSETS<sup>3</sup>

\$37.8M  
TOTAL DEBT<sup>3</sup>

\$156.8M  
TOTAL LIABILITIES<sup>3</sup>

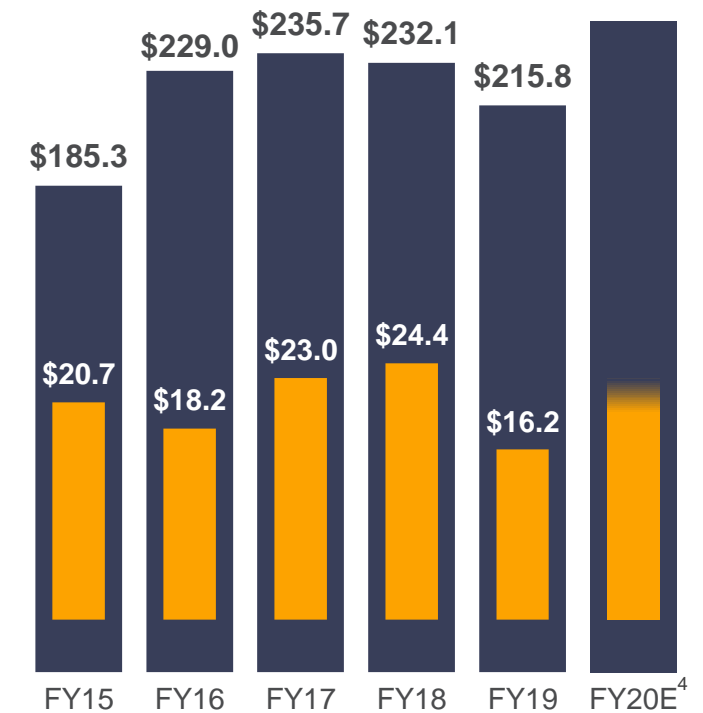
\$46.8M  
TOTAL EQUITY<sup>3</sup>

## STOCK TREND



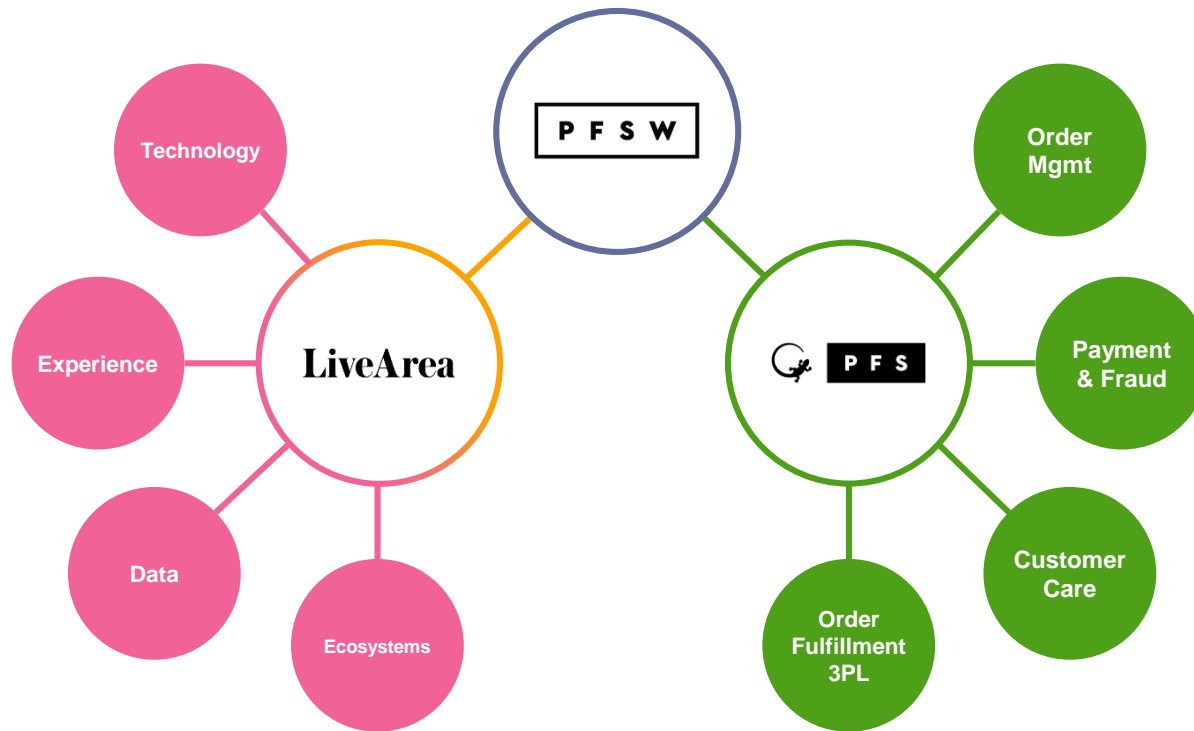
## TARGETING RETURN TO GROWTH IN 2020

■ Service Fee Equivalent Revenue<sup>2</sup>  
■ Adj. EBITDA<sup>2</sup>  
(\$ 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, 2019.  
4. Company guidance issued and effective 8/7/20 only.

# Who We Are



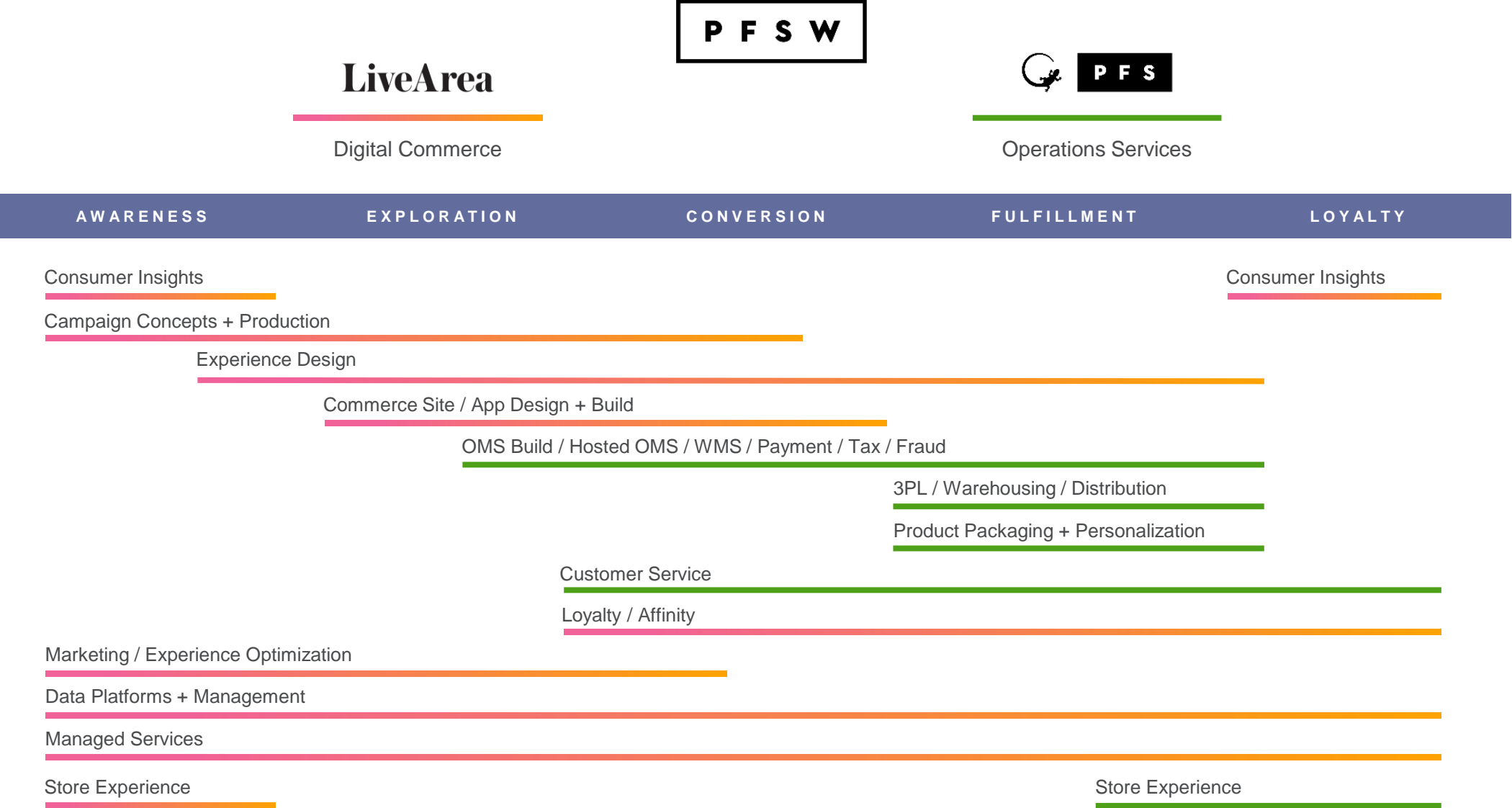
## PFSW is a Global Commerce Services Company.

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

- The Professional Services unit, **LiveArea**, provides services related to the digital experience of shopping online.
- The Operations Services unit, **PFS**, provides services related to the physical experience of customer service, payment and receiving/returning product.
- Together, these two units provide the full range of eCommerce services that brands need to create a distinctive shopping experience.



# End Customer Journey



# Selected Client Portfolio

PANDORA

Champion

Roots

GIORGIO ARMANI  
fragrances & beautyEntertainer  
TheToyShop.com

Tommy Bahama

asics

LANCÔME  
PARISLAURA MERCIER  
PARIS | NEW YORK

bareMinerals

URBAN DECAY

KENDRA SCOTT

BEALLS

YVES SAINT LAURENT  
collectionKÉRASTASE  
PARISMSA  
The Safety Company

RALPH LAUREN

Advance  
Auto Partsthrive<sup>™</sup>  
causemetics

MUGLER

MOLESKINE

Kiehl's  
SINCE 1851

BUXOM

Snap  
av

UNITED STATES MINT

Elizabeth Arden  
NEW YORK

Party City

pig

la prairie  
SWITZERLANDGORE<sup>®</sup>  
WEAR

Lexmark

PENDLETON

P&amp;G

clé de peau  
BEAUTÉ

CLARINS

SHISEIDO

scansource

NARS

vari<sup>®</sup>

SITKA

xerox

ANASTASIA  
BEVERLY HILLS

# Why We Win

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

- 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

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COVID Response & Business Unit Updates



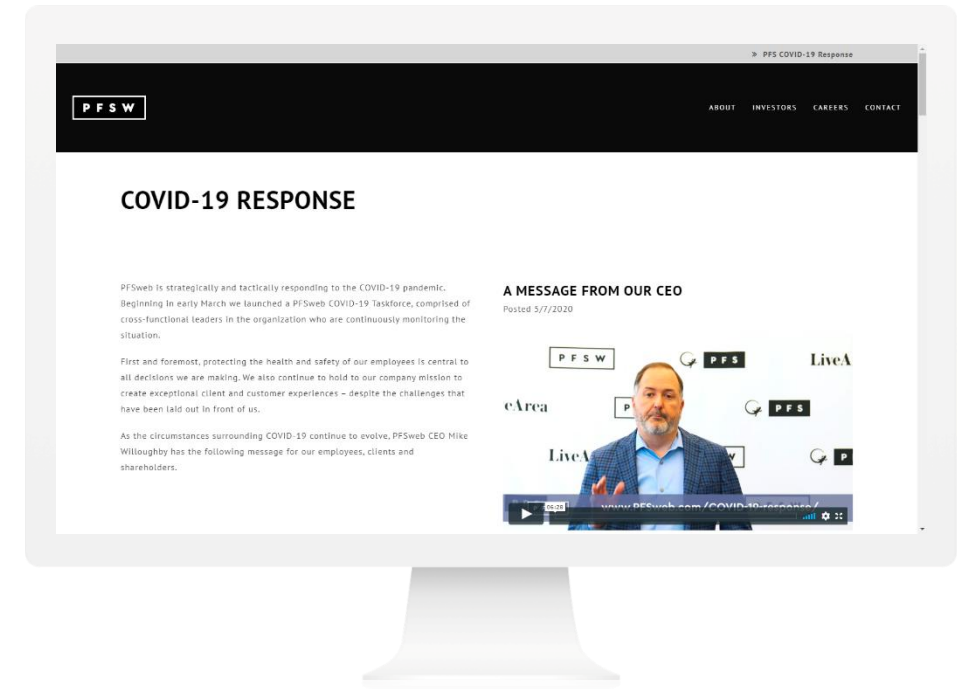
# State of the Business

## COVID-19 Update

- Declared as an essential support business in every operating region, PFSweb is keenly focused on employee safety and maintaining business continuity for our clients.
  - Transitioned employees to WFH wherever possible – including all business support staff and our global contact center associates. We plan to slowly phase in return to offices beginning with India in Q3.
  - Distributed varieties of PPE to global fulfillment center employees and enhanced procedures including temp checks and disinfectant fogging.
- Although conditions surrounding the pandemic are uncertain, heightened eCommerce consumer demand in Q2 has been a tailwind for our business. This macro-level trend is creating opportunities for PFS and LiveArea to help clients by demonstrating flexibility and innovation.

## Diversity & Inclusion Update

- Engaged a global consulting firm, the Future Work Institute (FWI), to help advance diversity and inclusion across our organization.
- FWI is assisting on a three-phased approach of admission, listening and action that will allow us to enact and advocate permanent change within our organization and our communities.



More information, including an updated timeline of our actions, can be found at

**<https://www.pfsweb.com/covid-19-response/>**

# PFS Update

**Strong sales bookings in 2019 and COVID-19 enhanced eCommerce activity volumes in Q2 2020 have resulted in increased fulfillment volumes, albeit with smaller contributions from new business.**

- Record fulfillment volumes in Q2 fueled by brick-and-mortar retail shutdowns. We quickly ramped up operations globally and invested in new fulfillment center space to improve capacity ahead of the holidays.
- Continued emphasis on employee safety with disinfectant fogging, required PPE, strict sanitation and distancing in fulfillment centers.
- Expanded our work-from-home customer care program to increase the geographies in which we recruit and provide a fully at-home model.
- Investing in RetailConnect to enable clients with retail footprints to fully utilize their stores during the holiday peak.
- Softer new sales bookings in Q2 as prospects were reluctant to make changes due to COVID uncertainties. However, pipeline is strengthening as brands turn focus towards their DTC channel.
- Momentum in EU and the UK as Brexit ramifications are more defined.
- Long term service fee growth objective of 5-10%.



# LiveArea Update

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**Record sales bookings for three consecutive quarters generated solid momentum that was slowed briefly in Q2 2020 as COVID concerns delayed client projects and softened new sales.**

- Continued strong bookings in Q2 2020 with \$14.2M in annual contract value. Pipeline momentum picked up throughout June and into July as prospects began to ramp their digital capabilities in response to online shopping trends.
- Proactively investing in senior talent that will extend our capabilities and strategic consulting, and will ultimately assist us with capturing larger portions of the overall commerce spend with our clients in 2021.
- Increased brand awareness developed through an independent research study that found increasing numbers of business managers are prioritizing investments in their long-term digital commerce and IT infrastructure strategies as a result of COVID-19.
- Expect revenue and profitability improvements in 2020 from a strong sales pipeline and increased collaboration with PFS.
- Long term service fee growth objective of 10-15%.





# Growth

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**Incremental Growth Opportunities**

# Fulfillment as a Service (FaaS)

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**FaaS enables pick-pack-ship services outside the traditional outsourcing model. By bundling our fulfillment technology, lightweight infrastructure, and operations management we create flexible, alternative fulfillment methods.**

## What problems does FaaS solve for the brand/retailer?

Brands and retailers gain flexibility in their supply chain and store operations. Examples include:

- Scale during specific seasonal or promotional peak periods.
- Support temporary pop-up shops with technology and services.
- Enable omni-channel services.
- Reduce shipping time and cost, and open up new shipping options.
- Improve operational efficiency while lowering the price to entry.

## Does the model differ from PFS' traditional services?

Sold as a subscription, PFS ships lightweight infrastructure directly to a client's store or distribution center, then provides licenses to cloud-based software to integrate with their own operations.

- Subscription pricing based on activity with monthly minimums.
- Product vs. Services model.
- Ongoing support provided for troubleshooting and replacement parts.

## What does PFSW gain by offering FaaS products?

We provide strategic value to our clients and solve complex operational challenges. This value translates back to PFS in the following areas:

- Increased percentage of higher gross margin activity.
- Enable add-on services to existing client accounts.
- Increased client retention by enabling post-outsourcing model services if a client moves in-house.
- Improved resource utilization on capitalized projects to fund future R&D.

# FaaS: RetailConnect



**RetailConnect<sup>SM</sup> is PFS' answer to store-fulfillment problems and inefficiencies.**

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

- PFS fulfillment technology and infrastructure is deployed inside a retailer's store. It does not replace an existing omni-channel technology solution, but rather complements it to optimize the pick/pack/ship process in the store.
- Retailers gain an organized process, fulfillment efficiency and accuracy for their ship from store and in store pick up (BOPIS) orders.
- Our pilot client, a DFW artisan shop, implemented in Q4 2019. They have cut their order processing time in half, and when COVID-19 forced their storefront closure it significantly benefitted their business by enabling cost-effective curbside pickup and ship from store.
- In discussions with two existing clients about adding RetailConnect to their stores for Q4 2020 as they anticipate high omnichannel demand.





# FaaS: CloudPick



## Increases fulfillment picking efficiency inside distribution centers.

CloudPick<sup>SM</sup> is a turn-key, cloud-based order fulfillment picking solution designed to be deployed into any distribution center. With Netherlands based Pdata 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.
- Advantages:
  - Cart delivery in as fast as a few weeks, with very simple onsite setup.
  - Improve pick accuracy and productivity while reducing operating expenses.
- Product interest has been strong at recent industry tradeshows. We are currently refining the go-to-market approach and identifying pilot clients for a 2021 launch.



# Financials

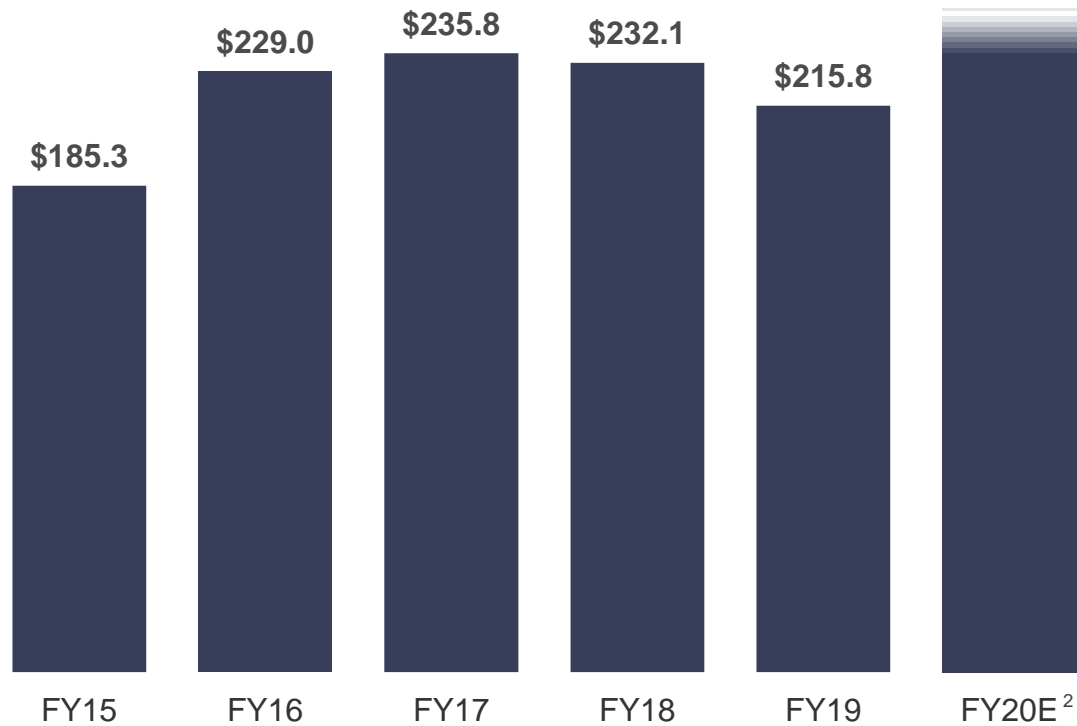
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Overview of PFSweb's Financial Picture

# SFE<sup>1</sup> Revenue Breakdown

(\$ Millions)

## Service Fee Equivalent Revenue<sup>1</sup>



Recurring FY19 Service Fee Equivalent Revenue ~65%

## Profitable Revenue Growth Driven by:

- New and expanded client relationships.
- Accelerated professional services growth including benefit from acquisitions in 2014 – 2016.
- Implementing new strategies to accelerate growth.
  - PFS: New products (RetailConnect & CloudPick), traction from sales & marketing investments
  - LiveArea: Leadership changes, go-to-market adjustments
- Heightened eCommerce demand due to the COVID-19 environment in Q2 2020, and anticipated long-term shift for consumers' online shopping trends.
- **Targeting SFE Revenue growth of 9-12% for 2020<sup>2</sup>.**

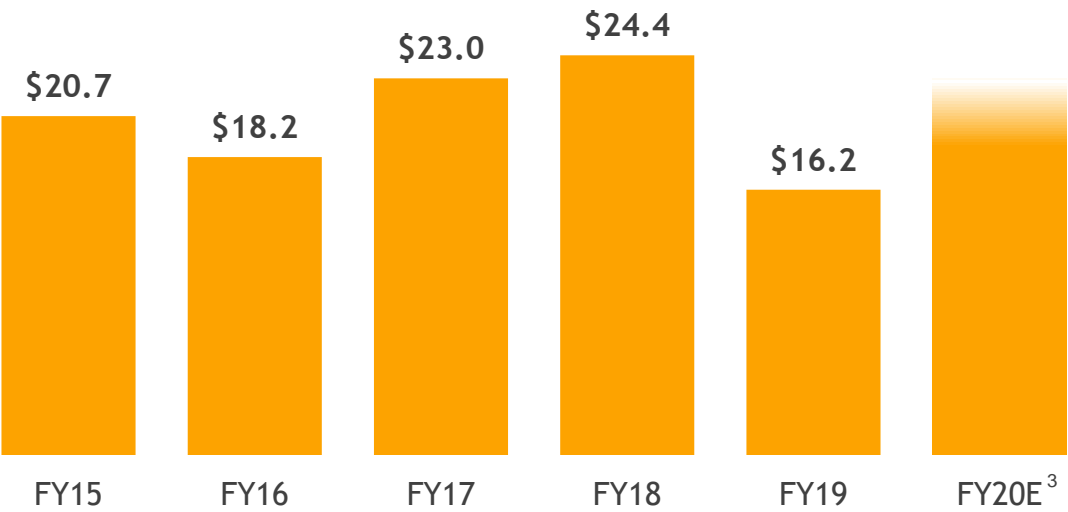
1. Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2. Company guidance issued and effective on 8/7/2020 only.

# AEBITDA Breakdown

(\$ Millions)

Adjusted EBITDA<sup>1</sup>



|                     |       |      |      |       |      |       |
|---------------------|-------|------|------|-------|------|-------|
| Margin <sup>2</sup> | 11.2% | 7.9% | 9.8% | 10.5% | 7.5% | >7.5% |
|---------------------|-------|------|------|-------|------|-------|

Long-Term Margin Objective: 12-13%

## Adjusted EBITDA and margin expansion driven by:

- Emphasis on higher-margin service fee business and new products.
- Leveraging global infrastructure.
- Continuous cost control initiatives and operating efficiencies.
- Overcoming PFS client bankruptcies and LiveArea sales under-performance in 2019.
- **Targeting adjusted EBITDA margin expansion in 2020<sup>3</sup>.**

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 on 8/7/2020 only

# Balance Sheet

(\$ Millions)

| Select Balance Sheet Items          | Dec 31, 2019   | Jun 30, 2020   |
|-------------------------------------|----------------|----------------|
| Cash                                | \$12.4         | \$9.7          |
| Accounts Receivable                 | 72.3           | 64.6           |
| Inventories                         | 3.3            | 4.4            |
| Property & Equipment, Net           | 18.4           | 17.4           |
| Goodwill & Intangibles              | 46.5           | 45.8           |
| Operating Lease Right-Of-Use Assets | 36.4           | 32.4           |
| Other                               | 14.3           | 16.3           |
| <b>Total Assets</b>                 | <b>\$203.6</b> | <b>\$190.6</b> |
| Accounts Payable                    | \$44.6         | \$29.1         |
| Accrued Expenses & Other            | 32.2           | 33.9           |
| Operating Lease Liabilities         | 42.2           | 37.4           |
| Debt                                | 37.8           | 40.6           |
| <b>Total Liabilities</b>            | <b>\$156.8</b> | <b>\$141.0</b> |
| <b>Total Shareholders' Equity</b>   | <b>\$46.8</b>  | <b>\$49.6</b>  |

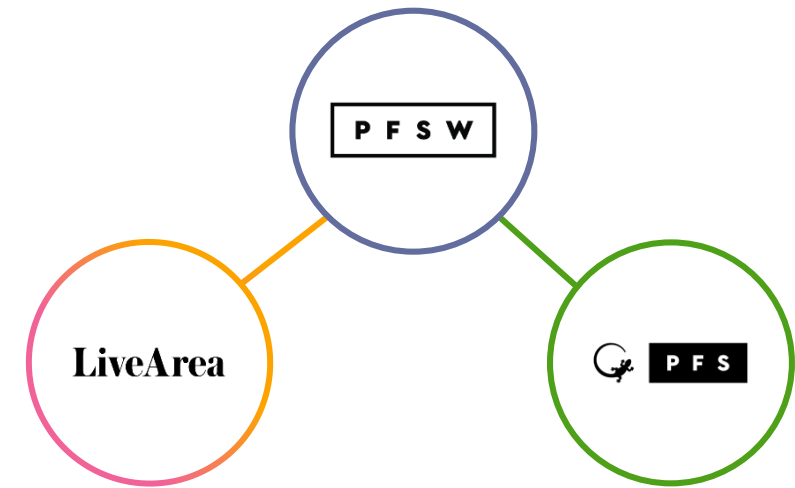
## June 2020 Highlights

- \$9.7M cash
- \$40.6M debt
- Net debt position of \$30.9M
- Amended senior bank facility in Nov 2018 (\$60M capacity). Five year agreement with improved rate structure and terms.

# Investment Highlights

**Classified as an essential support business, we are uniquely positioned as a leader in global commerce with a strong value proposition and expectations for 2020.**

- COVID crisis creating near and long-term benefits:
  - Expected permanent eCommerce acceleration with disruption to brick-and-mortar shopping.
  - Currently experiencing sustained holiday-like volumes in our PFS fulfillment centers.
  - Clients redirecting investments to their digital channel and seeking additional services or contingency assistance – opening up End-to-End cross-sell opportunities.
  - Potential near-term risk with individual client financial stability.
- Global footprint spanning three continents, brand-centric approach, and a diversified portfolio of clients provide a strong foundation for growth.
- We enjoy 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.



“Consumers are more motivated than ever to stay home and shop online, creating the ideal market conditions to fast-track, test, and launch new experience-driven mobile apps, sites, and touchpoints across their platform.”<sup>1</sup>

**Forbes**

1. Forbes: How COVID-19 Is Transforming E-Commerce – April 28, 2020



**Thank  
You**

**P F S W**

# Senior Leadership Team

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CEO

## Mike Willoughby

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



CFO

## Tom Madden

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



EVP and PFS GM

## Zach Thomann

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- Promoted to EVP in January 2019, appointed as PFS GM in 2018
- 15 years with the company with client services, operations and technology experience



EVP and LiveArea GM

## Jim Butler

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- Hired in June 2019
- 20+ years of technology and digital consulting experience, most recently served as president of Intersection and former president of Isobar

# Board of Directors

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

# 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 19 Activity:

~\$2B Client Merchandise Fulfilled

**= \$214M 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 19 Activity:

\$26.6M Client Merchandise Fulfilled

= \$26.6M GAAP Product Revenue

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

**\$214M + \$1M = \$215M Total Service Fee Equivalent Revenue**

# Reconciliation Tables

(\$ Millions)

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

|   |              |              |              |              | 2019          |              |              |             |             | 2020          |              |             |
|---|--------------|--------------|--------------|--------------|---------------|--------------|--------------|-------------|-------------|---------------|--------------|-------------|
|   | 2015<br>Cons | 2016<br>Cons | 2017<br>Cons | 2018<br>Cons | March<br>Cons | June<br>Cons | Sept<br>Cons | Dec<br>Cons | YTD<br>Cons | March<br>Cons | June<br>Cons | YTD<br>Cons |
| Net Income (Loss)   | \$ (7.9)     | \$ (7.5)     | \$ (4.0)     | \$ 1.2       | \$ (1.2)      | \$ (1.0)     | \$ (1.6)     | \$ 1.6      | \$ (2.2)    | \$ (0.2)      | \$ (1.0)     | \$ (1.2)    |
| Income tax expense (benefit)                              | 1.5          | 2.3          | 1.8          | 2.8          | 0.2           | 0.3          | (0.1)        | 0.7         | 1.2         | 0.4           | 0.6          | 1.1         |
| Interest expense  | 1.8          | 2.3          | 2.8          | 2.5          | 0.5           | 0.4          | 0.5          | 0.5         | 1.9         | 0.4           | 0.4          | 0.8         |
| Depreciation and amortization                             | 12.0         | 11.4         | 11.6         | 9.8          | 2.5           | 2.4          | 2.5          | 2.3         | 9.7         | 2.2           | 1.8          | 4.0         |
| Amortization of acquisition-related intangible assets     | 2.8          | 4.0          | 3.3          | 1.6          | 0.2           | 0.2          | 0.2          | 0.2         | 0.7         | 0.1           | 0.1          | 0.2         |
| EBITDA  | \$ 10.2      | \$ 12.5      | \$ 15.5      | \$ 17.9      | \$ 2.3        | \$ 2.3       | \$ 1.4       | \$ 5.2      | \$ 11.3     | \$ 2.9        | \$ 2.0       | \$ 4.9      |
| Stock-based compensation                                  | 4.6          | 2.1          | 3.3          | 4.0          | 0.7           | 0.7          | 0.9          | 0.8         | 3.0         | 0.5           | 5.2          | 5.7         |
| Acquisition related, restructuring & other (income) costs | 5.8          | 3.5          | 4.2          | 2.5          | 0.4           | 0.4          | 0.8          | 0.2         | 1.9         | 0.5           | 0.1          | 0.6         |
| Adjusted EBITDA   | \$ 20.7      | \$ 18.2      | \$ 23.0      | \$ 24.4      | \$ 3.3        | \$ 3.4       | \$ 3.1       | \$ 6.3      | \$ 16.2     | \$ 4.0        | \$ 7.2       | \$ 11.2     |
| Net Income (Loss)   | \$ (7.9)     | \$ (7.5)     | \$ (4.0)     | \$ 1.2       | \$ (1.2)      | \$ (1.0)     | \$ (1.6)     | \$ 1.6      | \$ (2.2)    | \$ (0.2)      | \$ (1.0)     | \$ (1.2)    |
| Stock-based compensation                                  | 4.6          | 2.1          | 3.3          | 4.0          | 0.7           | 0.7          | 0.9          | 0.8         | 3.0         | 0.5           | 5.2          | 5.7         |
| Amortization of acquisition - related intangible assets   | 2.8          | 4.0          | 3.3          | 1.6          | 0.2           | 0.2          | 0.2          | 0.2         | 0.7         | 0.1           | 0.1          | 0.2         |
| Acquisition related, restructuring & other costs          | 5.8          | 3.5          | 4.2          | 2.5          | 0.4           | 0.4          | 0.8          | 0.2         | 1.9         | 0.5           | 0.1          | 0.6         |
| Deferred tax expense - goodwill amortization              | -            | -            | 0.1          | 0.5          | 0.1           | 0.1          | 0.1          | 0.1         | 0.5         | 0.1           | 0.1          | 0.3         |
| Non-GAAP Net Income (Loss)                                | \$ 5.4       | \$ 2.1       | \$ 7.0       | \$ 9.8       | \$ 0.2        | \$ 0.4       | \$ 0.4       | \$ 3.0      | \$ 3.9      | \$ 1.1        | \$ 4.5       | \$ 5.6      |



# Reconciliation Tables

(\$ Millions)

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

|                                | 2015              | 2016              | 2017              | 2018              | 2019              | 2020              |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total revenue                  | \$ 288,269        | \$ 334,643        | \$ 326,825        | \$ 326,160        | \$ 294,022        | \$ 159,134        |
| Pass-through revenue           | (47,435)          | (59,783)          | (52,582)          | (61,326)          | (53,027)          | (29,393)          |
| Cost of product revenue        | (55,587)          | (45,883)          | (38,504)          | (32,710)          | (25,158)          | (12,713)          |
| Service Fee Equivalent Revenue | <u>\$ 185,247</u> | <u>\$ 228,977</u> | <u>\$ 235,739</u> | <u>\$ 232,124</u> | <u>\$ 215,837</u> | <u>\$ 117,028</u> |

# Reconciliation Tables

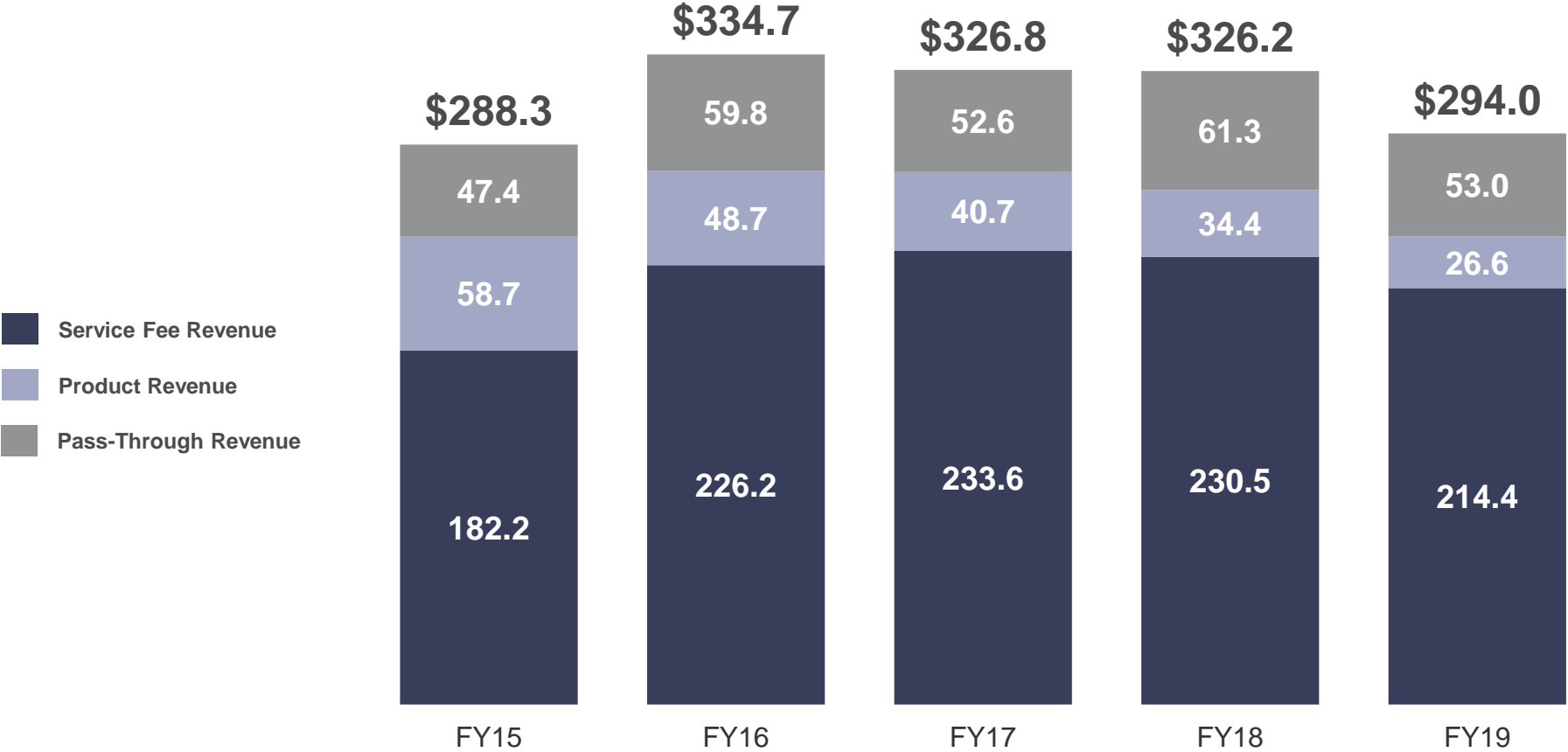
(\$ Millions)

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

|                                       | 2017      |          |          |          |            | 2018      |          |          |          |           | 2019      |          |          |          |           | 2020      |          |           |
|---------------------------------------|-----------|----------|----------|----------|------------|-----------|----------|----------|----------|-----------|-----------|----------|----------|----------|-----------|-----------|----------|-----------|
|                                       | March Qtr | June Qtr | Sept Qtr | Dec Qtr  | FY 2017    | March Qtr | June Qtr | Sept Qtr | Dec Qtr  | FY 2018   | March Qtr | June Qtr | Sept Qtr | Dec Qtr  | YTD 2019  | March Qtr | June Qtr | YTD 2020  |
| <b>Total PFS Operations Revenue</b>   | \$58,236  | \$55,660 | \$52,809 | \$70,102 | \$236,807  | \$56,487  | \$56,615 | \$56,277 | \$72,356 | \$241,735 | \$53,430  | \$49,250 | \$48,515 | \$65,204 | \$216,399 | \$54,920  | \$61,245 | \$116,165 |
| <b>Pass-through revenue</b>           | (9,911)   | (13,079) | (12,488) | (14,999) | \$(50,477) | (11,800)  | (14,574) | (15,702) | (17,238) | (59,314)  | (12,876)  | (11,412) | (10,760) | (15,248) | (50,296)  | (13,956)  | (13,917) | (27,873)  |
| <b>Cost of Product revenue</b>        | (10,724)  | (9,505)  | (8,995)  | (9,283)  | \$(38,507) | (9,316)   | (8,403)  | (8,099)  | (6,891)  | (32,709)  | (7,077)   | (5,791)  | (6,250)  | (6,040)  | (25,158)  | (7,123)   | (5,590)  | (12,713)  |
| <b>Service Fee Equivalent Revenue</b> | \$37,601  | \$33,076 | \$31,326 | \$45,820 | \$147,823  | \$35,371  | \$33,638 | \$32,476 | \$48,227 | \$149,712 | \$33,477  | \$32,047 | \$31,505 | \$43,916 | \$140,945 | \$33,841  | \$41,738 | \$75,579  |

# Total Revenue Breakdown

(\$ Millions)

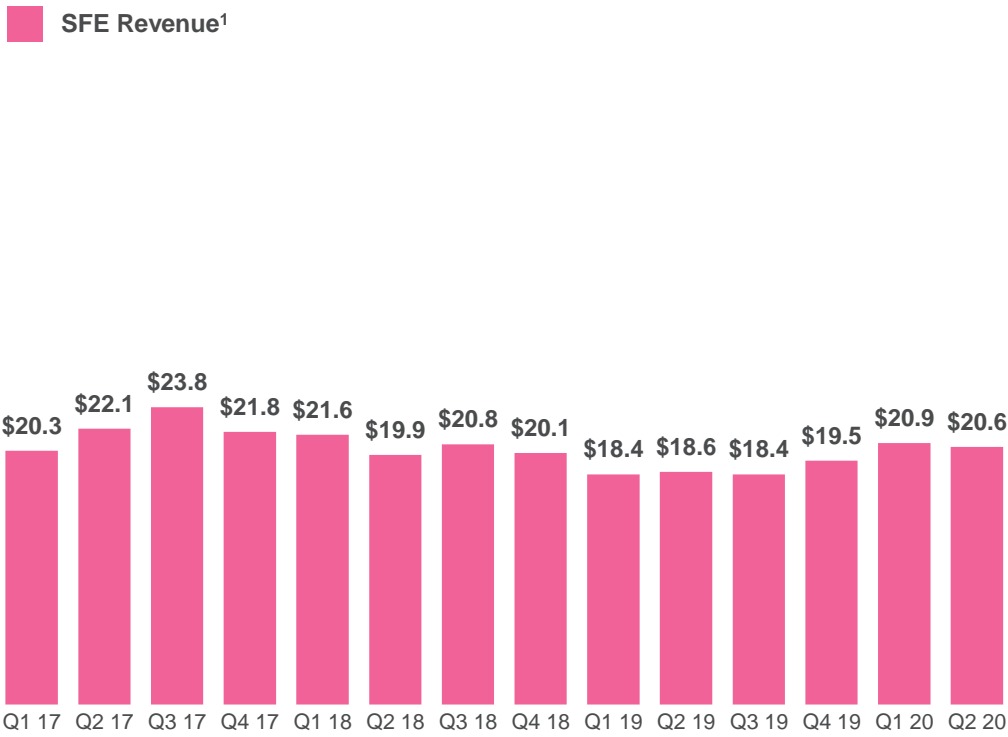
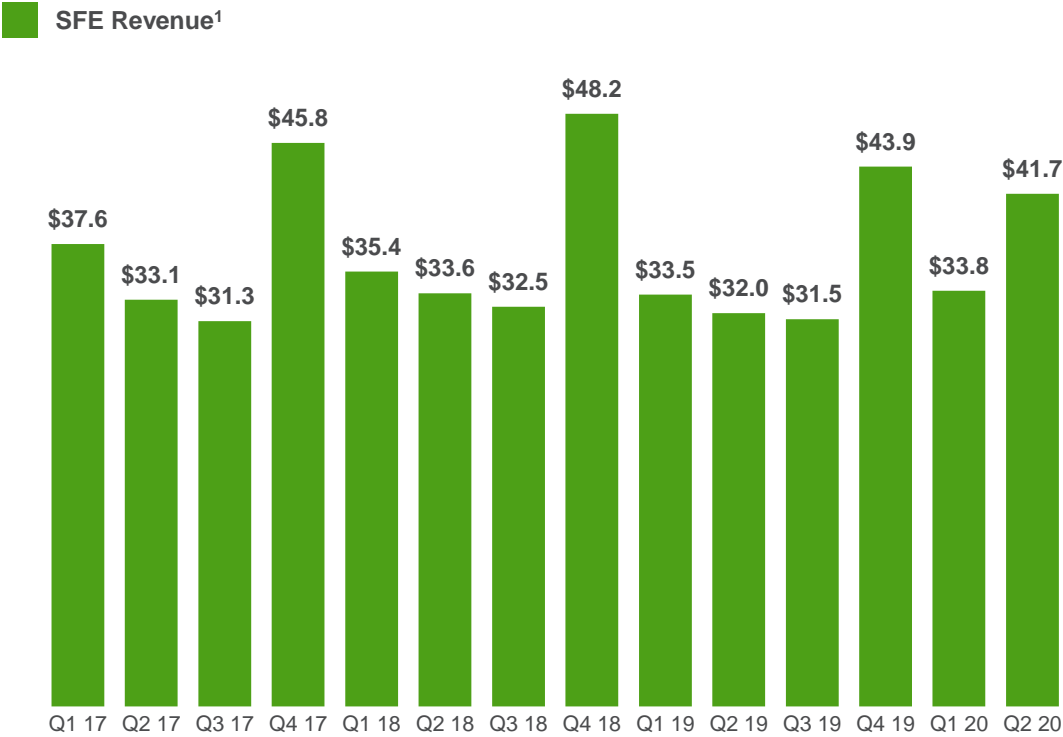


# Business Unit Breakdown

(\$ 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

NASDAQ: PFSW

