

November 2020

P F S W

PFSW Global Commerce Solutions

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

P F S W

TRADING DATA @ (11/12/20)

Stock Price
\$6.45

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

93,615
AVG. DAILY VOL. (3 MO.)

20.2M
SHARES OUTSTANDING

77%
PUBLIC FLOAT, EST.

87%
INSTITUTIONAL/STRATEGIC
OWNER HOLDINGS

VALUATION MEASURES @ (11/12/20)

Enterprise Value
\$159.7M

\$130.6M
MARKET CAP

0.7x
EV/TTM SFE REVENUE²

7.6x
EV/TTM ADJ. EBITDA²

FINANCIAL HIGHLIGHTS (TTM @ 9/30/20)

Adjusted EBITDA²
\$20.9M

\$321.6M
TOTAL REVENUE

\$240.8M
SERVICE FEE
EQUIVALENT REVENUE²

\$9.3M
NON-GAAP NET INCOME²

\$10.4M
CASH & EQUIVALENTS³

\$188.2M
TOTAL ASSETS³

\$39.5M
TOTAL DEBT³

\$137.5M
TOTAL LIABILITIES³

\$50.7M
TOTAL EQUITY³

STOCK TREND

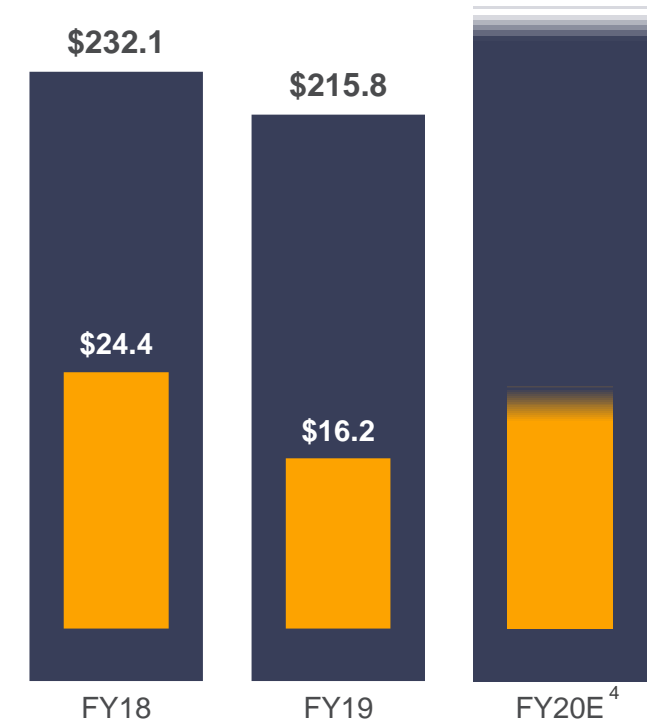


TARGETING RETURN TO GROWTH IN 2020

■ Service Fee Equivalent Revenue²

■ Adj. EBITDA²

(\$ Millions)

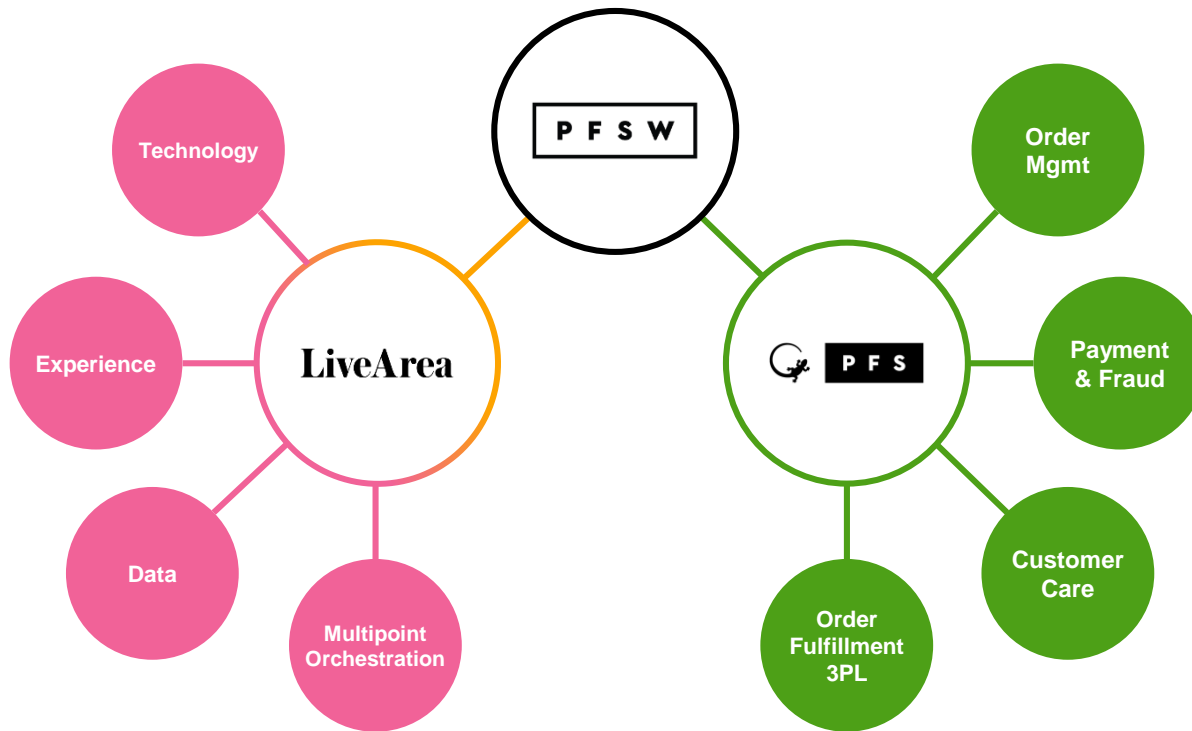


1. Source: Capital IQ

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 third quarter ended September 30, 2020.

4. Company guidance issued and effective 11/6/20 only.



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.

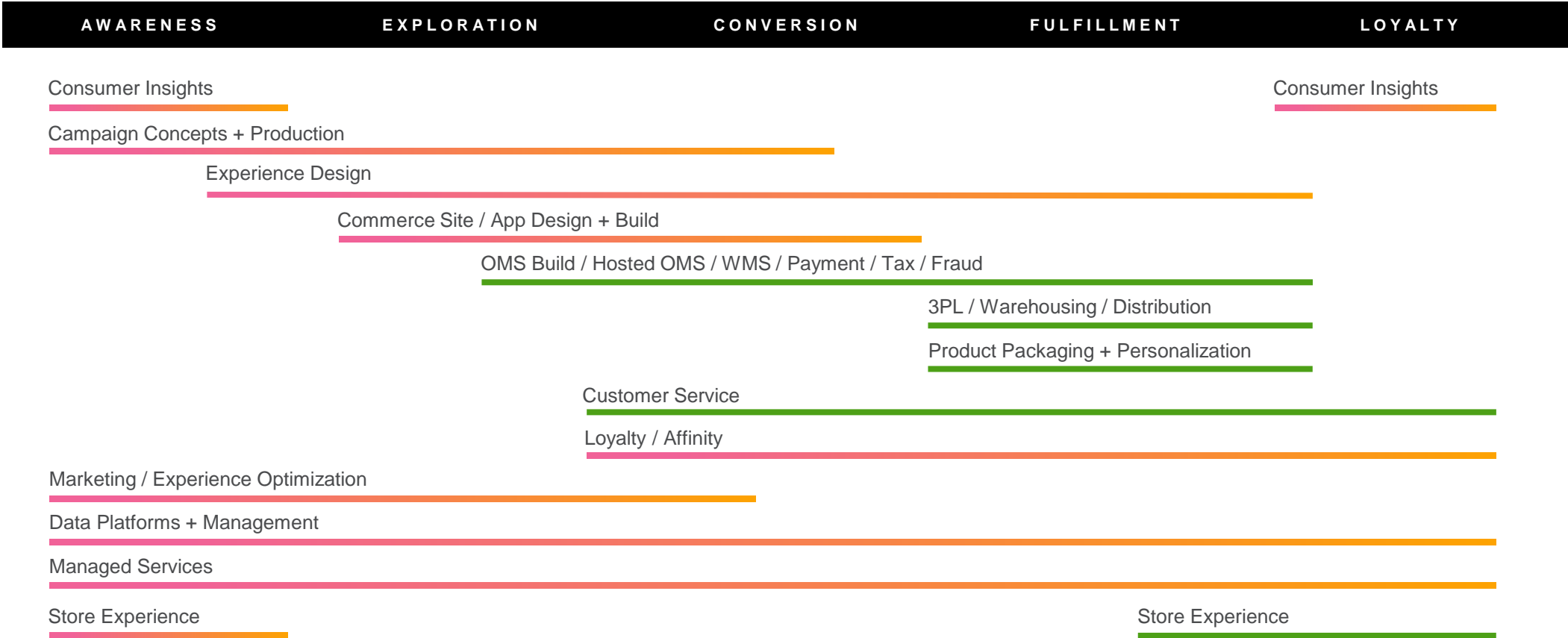
End Customer Journey

LiveArea



Digital Commerce

Operations Services



Selected Client Portfolio

P F S W

PANDORA

Champion



GIORGIO ARMANI
fragrances & beauty



Tommy Bahama

asics

LANCÔME
PARIS

LAURA MERCIER
PARIS | NEW YORK

bareMinerals

URBAN DECAY



BEALLS

YVES SAINT LAURENT
collection

KÉRASTASE
PARIS

MSA
The Safety Company

RALPH LAUREN



thrive[™]
causemetics

MUGLER

MOLESKINE

Kiehl's
SINCE 1851

BUXOM



Elizabeth Arden
NEW YORK

Party City



la prairie
SWITZERLAND

GORE[®]
WEAR



PENDLETON

P&G

clé de peau
BEAUTÉ

CLARINS

SHISEIDO



NARS

vari[®]



ANASTASIA
BEVERLY HILLS

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

LiveArea Update

Momentum through 2020 and into 2021 with a strong backlog, robust sales pipeline, enhanced service offering and successful international expansion.

- Q3 2020 bookings slightly down primarily due to timing delays with contract signings at the end of the quarter. Clients have implemented COVID-related legal reviews and are requiring extra levels of approval. Letters of Agreement have been used selectively to start projects.
- Substantial logjam of contract bookings at the end of Q3 and projects started with Letters of Agreement should result in strong Q4 bookings and contribute to the already-strong backlog headed into 2021.
- Continued record pipeline of opportunities including large, multi-cloud projects with major brands.
- Global expansion into Europe's Benelux and DAC regions is building upon existing client relationships and technology partnerships.
- Continue to invest in global senior talent to accelerate growth, introduce innovation, and provide strategic insights clients require to transform their businesses.
- Long term service fee growth objective of 10-15%.



PFS Update

Continued high levels of fulfillment-related activities through 2020 driving extraordinary revenue growth ahead of an expected record-setting digital shopping holiday season.

- Following record fulfillment volumes in Q2, Q3 fulfillment volumes were characteristic of Q4 quarterly volumes over the past several years. Client forecasts and retail experts point to significantly elevated fulfillment activity through the holiday season.
- Rapidly built out two new distribution centers in Q3 (Dallas and Belgium) for incremental capacity, as well as implemented two unique fulfillment-enablement projects for clients – demonstrating agility and scale.
- First production RetailConnect client going live in Q4 beginning with three stores – enabling BOPIS and ship-from-store for the holiday.
- Transition to a fully remote contact center workforce in Q2 has demonstrated continued success and resulted in improved employee retention, higher quality scores, and a broader recruiting pool.
- Rebounding sales pipeline with Q3 bookings up from prior two quarters as we secured new wins with brands looking to improve their distribution capabilities before the holidays and accelerate growth in 2021.
- Long term service fee growth objective of 5-10%.



Fulfillment Enablement



RetailConnectSM is the 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.
- 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 production client utilizing RetailConnect beginning with three stores to enable ship from store and BOPIS for the holiday season. Full roll-out for this client anticipated early in 2021 with multiple additional sales opportunities with other current clients in-process.



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 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.



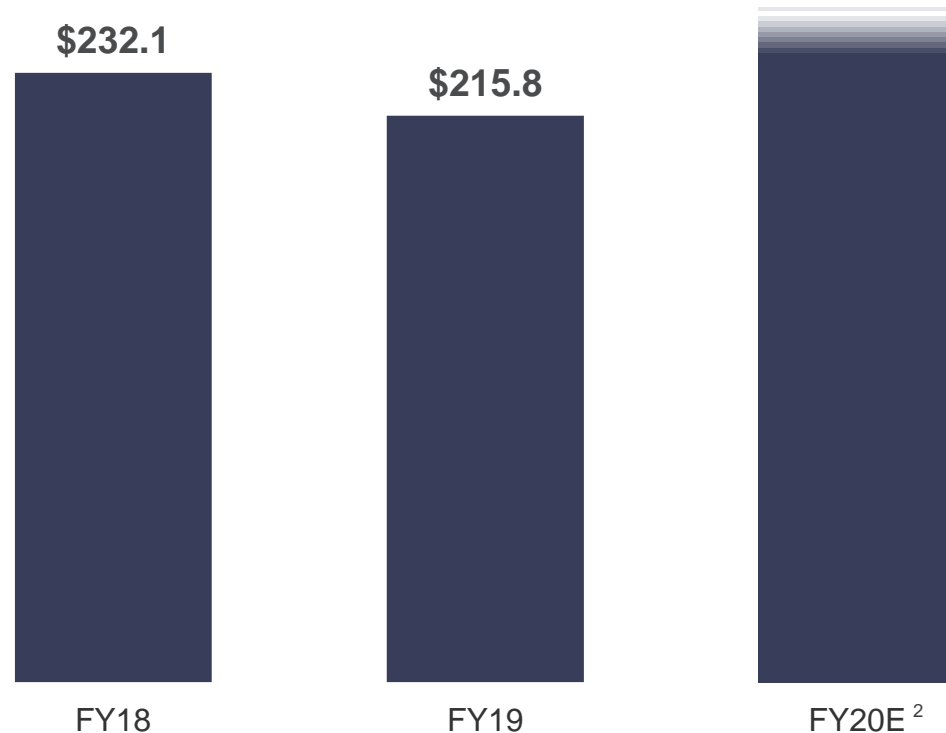
Financials

Overview of PFSweb's Financial Picture

SFE¹ Revenue Breakdown

(\$ Millions)

Service Fee Equivalent Revenue¹



Recurring FY19 Service Fee Equivalent Revenue ~65%

SFE Revenue Breakdown

- PFS: ~65%
- LiveArea: ~35%

Targeting SFE Revenue percentage growth in the mid-teens for 2020²

- New and expanded client relationships.
- Heightened eCommerce demand due to the COVID-19 environment in 2020 and anticipated long-term shift for consumers' online shopping trends.
- Overcoming PFS client bankruptcy and LiveArea sales underperformance in 2019.
- Implementing new strategies to accelerate growth.
 - PFS: New products (RetailConnect & CloudPick), traction from sales & marketing investments.
 - LiveArea: Leadership changes, go-to-market adjustments, and expanded capabilities.

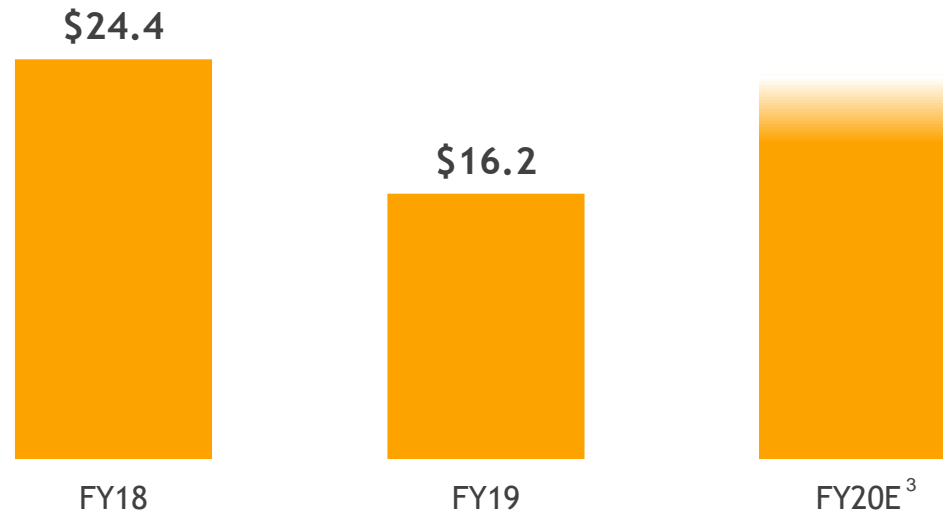
1. Service Fee Equivalent Revenue is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP financial measure.

2. Company guidance issued and effective on 11/6/2020 only.

AEBITDA Breakdown

(\$ Millions)

Adjusted EBITDA¹



Margin ²	10.5%	7.5%	~8%
---------------------	-------	------	-----

Long-Term Margin Objective: 12-13%

Targeting adjusted EBITDA growth and margin expansion in 2020³

- Strong FY20 revenue growth partially offset by increased fulfillment labor costs and sales and marketing costs.
- Overcoming PFS client bankruptcies and LiveArea sales under-performance in 2019.

Long-term margin expansion targeted through:

- Emphasis on higher-margin service fee business and new products.
- Leveraging global infrastructure.
- 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 on 11/6/2020 only

Balance Sheet

(\$ Millions)

Select Balance Sheet Items	Dec 31, 2019	Sep 30, 2020
Cash	\$12.4	\$10.4
Accounts Receivable	72.3	56.2
Inventories	3.3	5.1
Property & Equipment, Net	18.4	19.5
Goodwill & Intangibles	46.5	46.0
Operating Lease Right-Of-Use Assets	36.4	36.5
Other	14.3	14.5
Total Assets	\$203.6	\$188.2
Accounts Payable	\$44.6	\$22.9
Accrued Expenses & Other	32.2	33.8
Operating Lease Liabilities	42.2	41.3
Debt	37.8	39.5
Total Liabilities	\$156.8	\$137.5
Total Shareholders' Equity	\$46.8	\$50.7

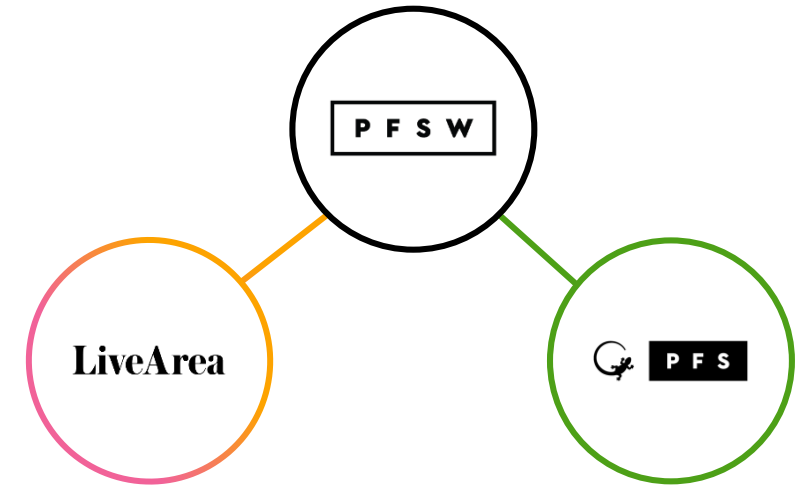
September 2020 Highlights

- \$10.4M cash
- \$39.5M debt
- Net debt position of \$29.1M
- 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 exceptional growth in 2020.

- COVID crisis creating near and long-term benefits:
 - Expected permanent eCommerce acceleration with disruption to brick-and-mortar shopping.
 - Market demand for traditional 3PL and fulfillment enablement services is heightened from brands looking to increase capacity, decrease risk, and lower shipping costs.
 - Clients redirecting investments to their digital channel and seeking additional services, opening up End-to-End cross-sell opportunities.
 - Enhanced client credit management processes in-place to minimize risk from unanticipated individual client financial stability issues.
- 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.”¹

Forbes

**Thank
You**

P F S W

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 PFS GM

Zach Thomann

- 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

- 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

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.

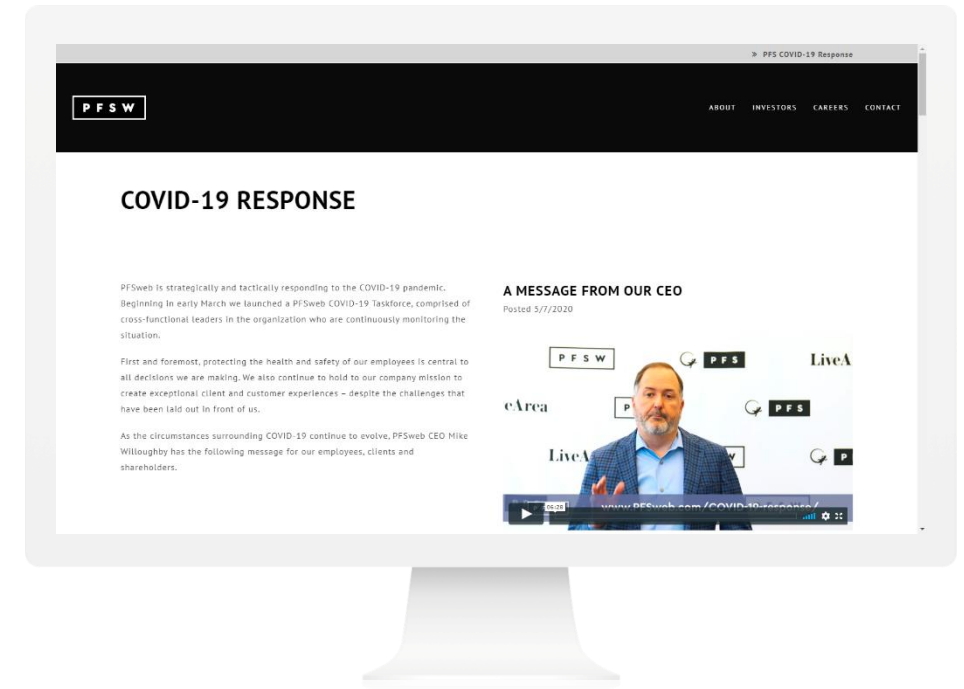
State of the Business

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. Return to office transition began in Q3 with Indian office only.
 - 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 & Q3 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

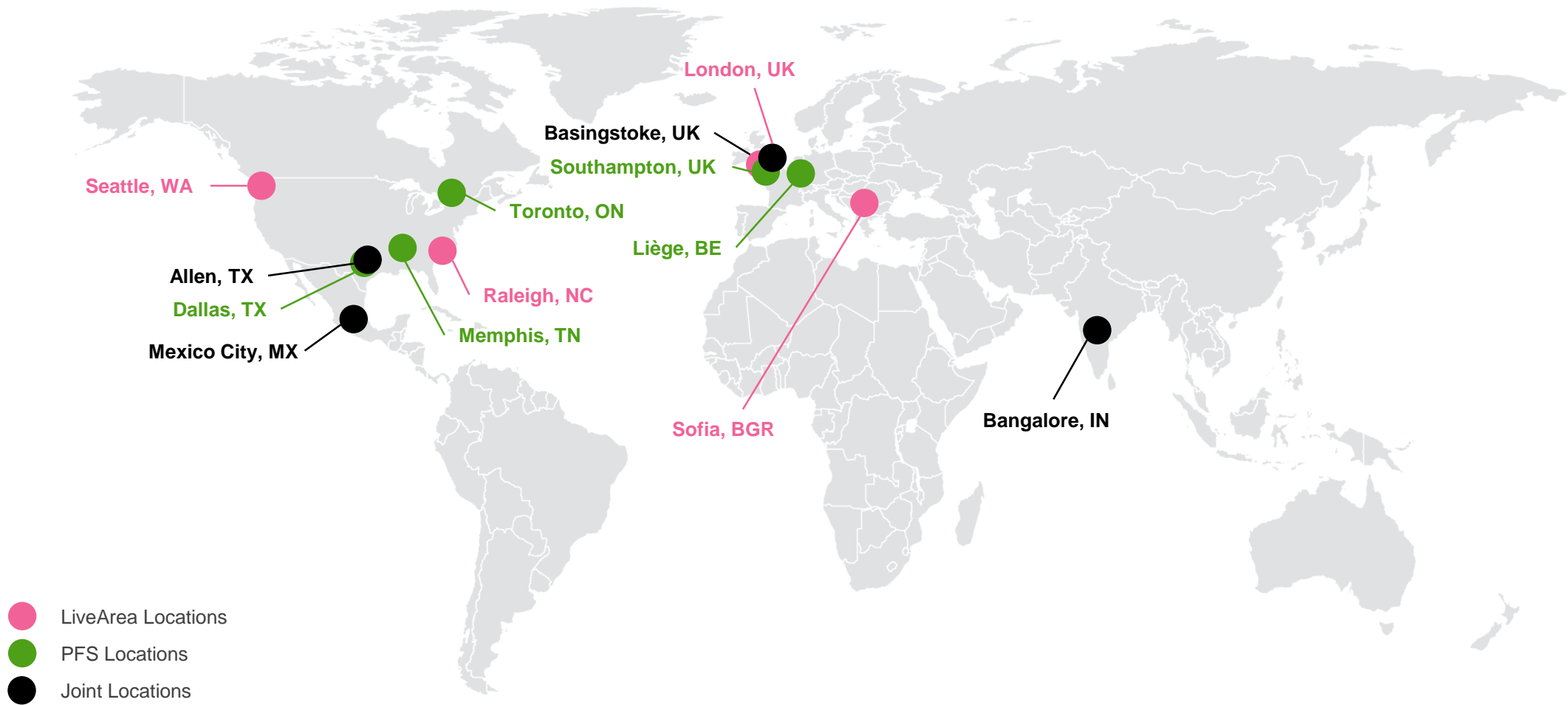
- Engaged a global consulting firm, the Future Work Institute (FWI), to help advance diversity and inclusion across our organization.
- FWI is assisting on a three-phased approach of admission, listening and action that will allow us to enact and advocate permanent change within our organization and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



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

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

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			
	2018 Cons	March Cons	June Cons	Sept Cons	Dec Cons	YTD Cons	March Cons	June Cons	Sept Cons	YTD Cons
Net Income (Loss)	\$ 1.2	\$ (1.2)	\$ (1.0)	\$ (1.6)	\$ 1.6	\$ (2.2)	\$ (0.2)	\$ (1.0)	\$ (2.8)	\$ (4.0)
Income tax expense (benefit)	2.8	0.2	0.3	(0.1)	0.7	1.2	0.4	0.6	0.6	1.7
Interest expense	2.5	0.5	0.4	0.5	0.5	1.9	0.4	0.4	0.4	1.2
Depreciation and amortization	9.8	2.5	2.4	2.5	2.3	9.7	2.2	1.8	1.9	5.9
Amortization of acquisition-related intangible assets	1.6	0.2	0.2	0.2	0.2	0.7	0.1	0.1	0.1	0.4
EBITDA	\$ 17.9	\$ 2.3	\$ 2.3	\$ 1.4	\$ 5.2	\$ 11.3	\$ 2.9	\$ 2.0	\$ 0.2	\$ 5.1
Stock-based compensation	4.0	0.7	0.7	0.9	0.8	3.0	0.5	5.2	3.2	8.9
Acquisition related, restructuring & other (income) costs	2.5	0.4	0.4	0.8	0.2	1.9	0.5	0.1	0.0	0.6
Adjusted EBITDA	\$ 24.4	\$ 3.3	\$ 3.4	\$ 3.1	\$ 6.3	\$ 16.2	\$ 4.0	\$ 7.2	\$ 3.4	\$ 14.6
Net Income (Loss)	\$ 1.2	\$ (1.2)	\$ (1.0)	\$ (1.6)	\$ 1.6	\$ (2.2)	\$ (0.2)	\$ (1.0)	\$ (2.8)	\$ (4.0)
Stock-based compensation	4.0	0.7	0.7	0.9	0.8	3.0	0.5	5.2	3.2	8.9
Amortization of acquisition - related intangible assets	1.6	0.2	0.2	0.2	0.2	0.7	0.1	0.1	0.1	0.4
Acquisition related, restructuring & other costs	2.5	0.4	0.4	0.8	0.2	1.9	0.5	0.1	0.0	0.6
Deferred tax expense - goodwill amortization	0.5	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.4
Non-GAAP Net Income (Loss)	\$ 9.8	\$ 0.2	\$ 0.4	\$ 0.4	\$ 3.0	\$ 3.9	\$ 1.1	\$ 4.5	\$ 0.7	\$ 6.3

Reconciliation Tables

(\$ Thousands)

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

	2018	2019	2020*
Total revenue	\$ 326,160	\$ 294,022	\$ 236,218
Pass-through revenue	(61,326)	(53,027)	(42,053)
Cost of product revenue	(32,710)	(25,158)	(16,732)
Service Fee Equivalent Revenue	\$ 232,124	\$ 215,837	\$ 177,433

*Through 9 months

Reconciliation Tables

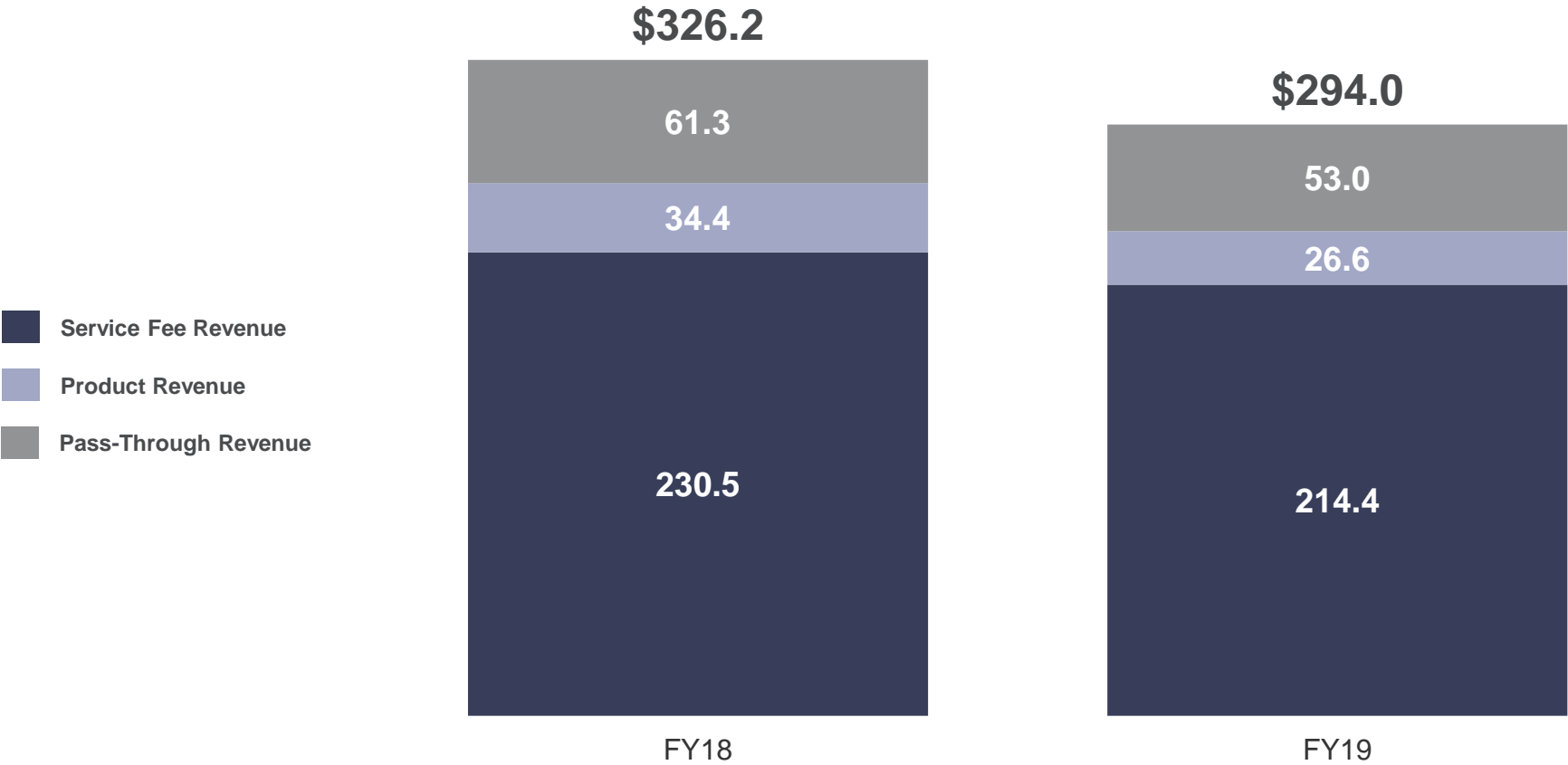
(\$ Thousands)

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	YTD 2019	March Qtr	June Qtr	Sept Qtr	YTD 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	\$171,569
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)	(39,709)
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)	(16,732)
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	\$115,128

Total Revenue Breakdown

(\$ Millions)

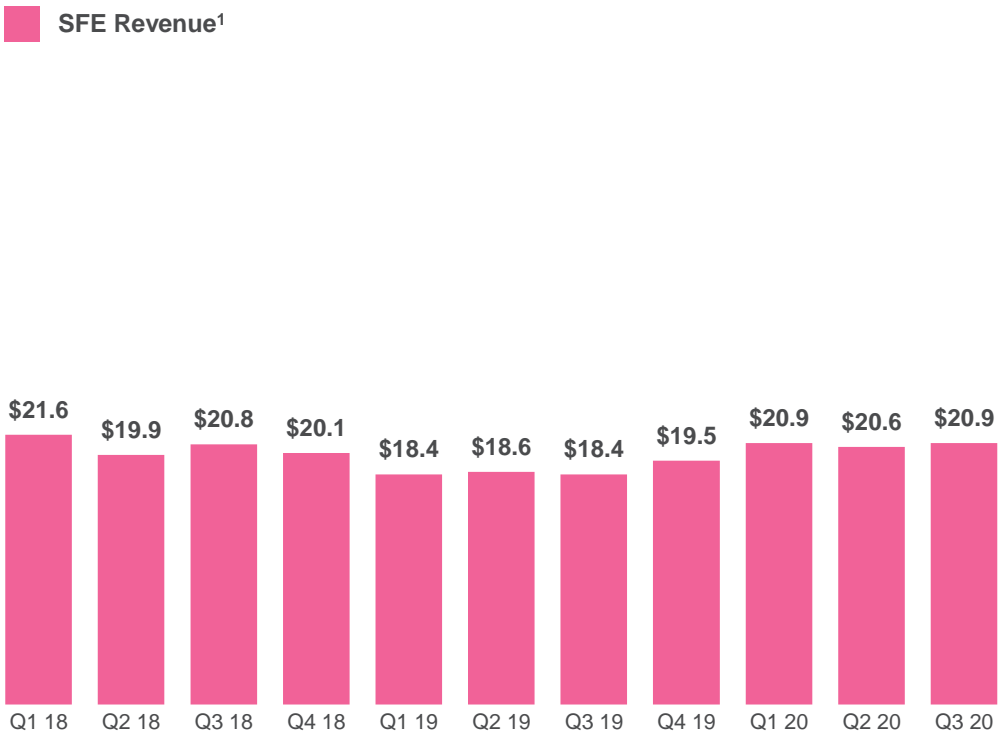
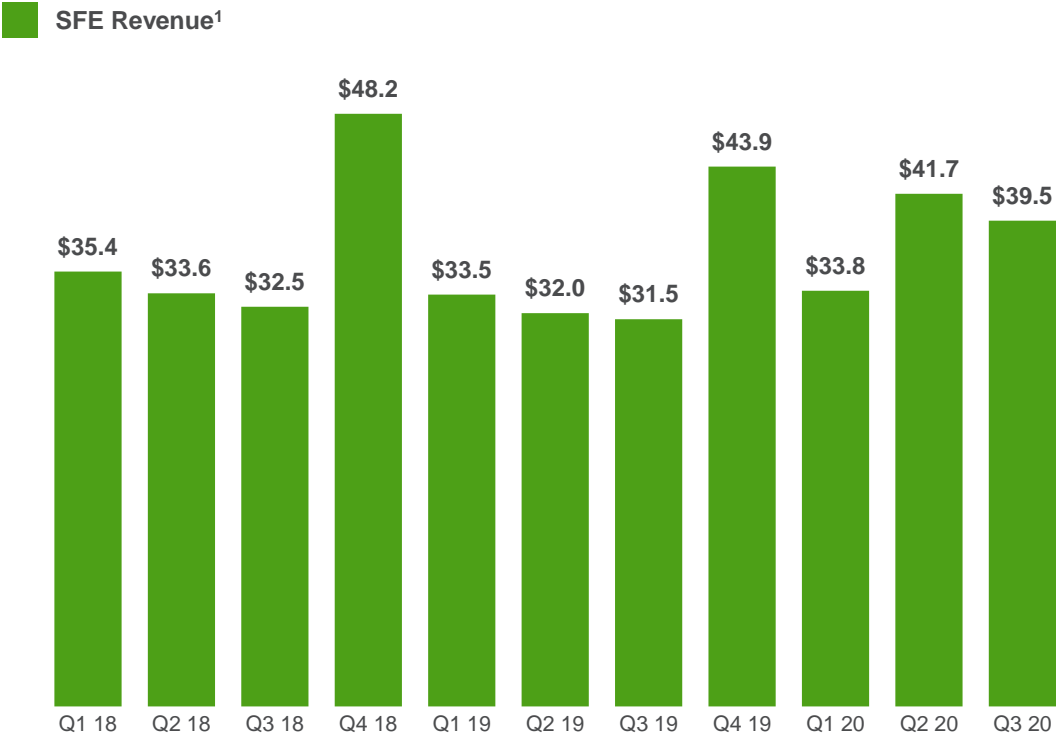


Business Unit Breakdown

(\$ 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