UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 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 1, 2020

HARVARD BIOSCIENCE, INC. (Exact Name of Registrant as Specified in Charter)

001-33957 (Commission File Number)

04-3306140 (I.R.S. Employer Identification Number)

84 October Hill Road, Holliston, MA 01746

(Address of Principal Executive Offices) (Zip Code)

(508) 893-8999

(Registrant's telephone number, including area code)

(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:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425) f 1

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12) 1

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)) 1 L

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:

Delaware

(State or Other Jurisdiction of Incorporation)

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	HBIO	The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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 5, 2020, Harvard Bioscience, Inc. (the "Company") issued a press release announcing financial results for the three months ended March 31, 2020 and the details of a related conference call to be held at 8:00 AM EST on May 5, 2020. The press release is furnished as Exhibit 99.1 and incorporated herein by reference.

The information in Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto 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 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Index	Description
99.1	Press release issued by Harvard Bioscience, Inc. on May 5, 2020.

2

SIGNATURE

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.

HARVARD BIOSCIENCE, INC.

Date: May 5, 2020

By: <u>/s/ James Green</u> James Green Chief Executive Officer



Harvard Bioscience Announces First Quarter 2020 Financial Results

Implemented significant cost reductions to offset Covid-19 impact on operating income

HOLLISTON, Mass., May 5, 2020 (GLOBE NEWSWIRE) -- Harvard Bioscience, Inc. (Nasdaq: HBIO) (the "Company") today announced financial results for the three months ended March 31, 2020.

The Company reported revenue of \$23.8 million for the quarter, gross margin of 54.6%, with an operating loss of \$3.3 million and a loss per share of \$(0.12). On an adjusted basis, operating income was \$0.5 million and adjusted loss per share was \$(0.01).

Jim Green, Chairman and CEO said, "Our first quarter results were negatively impacted by the Covid-19 pandemic. We took immediate steps to strictly manage cash, stop non-essential spend and ensure continued operations while supporting our customers. We generated \$2.9 million in cash flow from operations and reduced our debt by \$5 million in the quarter."

Green added, "In response to, and anticipating further challenges from Covid-19, primarily on our Academic customers, in April we implemented a Covid-19 mitigation plan to further reduce spend by approximately \$3 million in the second quarter, through a combination of work hour and salary reductions, reductions in force and a realignment of the organization to a leaner structure. These cost reductions are in addition to the significant restructuring actions we initiated in the fourth quarter of 2019."

Green concluded, "We will weather the Covid-19 pandemic. Combined revenues from Contract Research Organizations and Pharma increased in the first quarter and are expected to strengthen. Given the challenges of predicting the timing of the Academic recovery, we will continue to aggressively manage costs and move to a leaner organization and operation. Looking forward, we are expecting second quarter revenue to decrease approximately 20% to 30% year over year and to begin recovering as the Academic labs reopen. By taking immediate cost actions, we expect to maintain solid gross margins and operating profit during the second quarter of 2020, improving sequentially through the year."

First Quarter Reported Results

Revenue for the three months ended March 31, 2020 was \$23.8 million, a decrease of 16%, or \$4.4 million, compared to revenue of \$28.2 million for the three months ended March 31, 2019.

Operating loss for the three months ended March 31, 2020 was \$3.3 million, an increase of \$3.2 million, compared to operating loss of \$0.1 million for the three months ended March 31, 2019. Excluding \$1.5M of restructuring related costs, adjusted operating income was \$0.5 million for the three months ended March 31, 2020, a decrease of 81%, or \$2.0 million, compared to adjusted operating income of \$2.5 million for the three months ended March 31, 2019. The decrease in adjusted operating income was primarily the result of the decline in revenue associated with Covid-19.

Loss per share was \$(0.12) for the three months ended March 31, 2020, compared to \$(0.06) per share for the same quarter in 2019. Adjusted loss per share was \$(0.01) for the three months ended March 31, 2020, as compared to adjusted diluted earnings per share of \$0.02 for the three months ended March 31, 2019.

Please refer to Exhibit 4 below for a reconciliation of certain non-GAAP to GAAP financial measures, including gross profit, operating expenses, operating income and loss, net income and loss, and diluted earnings per share. Please see "Use of Non-GAAP Financial Information" for additional information regarding our use of such adjusted financial information.

Balance Sheet and Cash Flow

As of March 31, 2020, total debt was \$49.1 million compared to \$53.8 million as of December 31, 2019. Cash flow from operations for the three months ended March 31, 2020 was \$2.9 million compared to \$2.0 million for the three months ended March 31, 2019.

Fiscal Year 2020 Financial Guidance

Due to the significant uncertainties related to the impact of the Covid-19 pandemic, the Company is withdrawing its full-year 2020 financial guidance previously provided on February 26, 2020.

Webcast and Conference Call Details

Harvard Bioscience will be hosting a conference call and webcast today at 8:00 a.m. Eastern Time. You can access the live conference call by dialing the following phone numbers: toll-free 1 (877) 303-7611 or international 1 (970) 315-0445 and referencing the conference ID# 3848975.

The conference call will be simultaneously webcast and can be accessed through the Harvard Bioscience website. A slide presentation that will be referenced during the webcast will be posted to our Investor Relations website shortly before the webcast begins. To listen to the webcast, log on to the webcast at: http://investor.harvardbioscience.com/ and click on the Earnings Call icon. The webcast will be available on the website through May 12, 2020.

Use of Non-GAAP Financial Information

In this press release, we have included non-GAAP financial information including adjusted revenue, adjusted gross profit, adjusted operating expenses, adjusted operating income, adjusted net income and adjusted diluted earnings per share. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. For the periods presented, these non-GAAP financial have excluded certain expenses and income primarily resulting from purchase accounting or events that we do not believe are related to the underlying operations of the business such as amortization of intangibles related to acquisitions, costs related to acquisition, disposition and integration initiatives, impairment charges, gains or losses from divestitures, severance and restructuring expenses, and stock-based compensation expense. They also exclude the tax impact of the reconciling items. This non-GAAP financial information approximates information used by our management to internally evaluate the operating results of the Company. Tabular reconciliations of our adjusted gross profit, adjusted operating expenses, adjusted operating income, adjusted net income (loss) and adjusted earnings (loss) per diluted share for the three months ended March 31, 2020 and 2019 are included as exhibits below in this press release.

The non-GAAP financial information provided in this press release should be considered in addition to, not as a substitute for, the financial information provided and presented in accordance with GAAP and may be different than other companies' non-GAAP financial information.

About Harvard Bioscience

Harvard Bioscience is a leading developer, manufacturer and seller of technologies, products and services that enable fundamental research, discovery, and pre-clinical testing for drug development. Our customers range from renowned academic institutions and government laboratories, to the world's leading pharmaceutical, biotechnology and clinical research organizations. With operations in North America and Europe, we sell through a combination of direct and distribution channels to customers around the world.

For more information, please visit our website at www.harvardbioscience.com.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. You can identify these statements by our use of such words as "will," "guidance," "objectives," "optimistic," "potential," "future," "expects," "plans," "estimates," "continue," "drive," "strategy," "potential," "potentially," "growth," "long-term," "projects," "projected," "intends," "believes," "goals," "sees," "seek," "develop" "possible" "new," "emerging," "opportunity," "pursue" and similar expressions that do not relate to historical matters. Forwardlooking statements in this press release or that may be made during our conference call may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, industry outlook; the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Investors should note that many factors, as more fully described under the caption "Risk Factors" in our Form 10-K, including our Form 10-K for the year ended December 31, 2019, and subsequent Form 10-Q and Form 8-K filings with the Securities and Exchange Commission and as otherwise enumerated herein or therein may cause the Company's actual results to differ materially from those in the forward-looking statements. The forwardlooking statements in this press release are qualified by these risk factors. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

For investor inquiries, please contact Michael A. Rossi, Chief Financial Officer at (508) 893-8999.

Press releases may be found on the Harvard Bioscience website.

HARVARD BIOSCIENCE, INC. Consolidated Statements of Operations (unaudited, in thousands, except per share data)

Revenues \$ 23,771 \$ 22 Cost of revenues 10,789 12 Gross profit 12,982 11 Sales and marketing expenses 5,579 0 General and administrative expenses 6,759 5 Research and development expenses 2,490 2 Amorization of intangible assets 1,427 2 Total operating expenses (3,273) 0 Operating loss (3,273) 0 Other expense; 111 111 Other expense, net (1,188) (1 Other expense, net (1,118) (1 Other expense, net 55 10 Nother income (expense), net 111 0 Other income taxes (4,461) (1 Income tax expense 55 0 Net loss \$ (4,516) \$ (2 Loss per common share: 8 (0,12) \$ Diluted loss per common share \$ (0,12) \$ Weighted average common shares: \$ (0,12) \$		Three Mon Marcl	
Cost of revenues 10,789 11 Gross profit 12,982 10 Sales and marketing expenses 5,579 0 General and administrative expenses 6,759 9 Research and development expenses 2,490 2 Amortization of intangible assets 1,427 9 Total operating expenses 16,255 10 Operating loss (3,273) 9 Other expense, net (1,299) 0 Other expense, net (1,188) 0 Other expense, net (1,188) 0 Other expense, net (1,188) 0 Income taxe expense 55 9 Net loss \$ (4,461) 0 Loss per common share: \$ (0,12) \$ Basic loss per common share \$ (0,12) \$ Diluted loss per common shares: \$ (0,12) \$		2020	2019
Cost of revenues 10,789 11 Gross profit 12,982 10 Sales and marketing expenses 5,579 0 General and administrative expenses 6,759 9 Research and development expenses 2,490 2 Amortization of intangible assets 1,427 9 Total operating expenses 16,255 10 Operating loss (3,273) 9 Other expense, net (1,299) 0 Other expense, net (1,188) 0 Other expense, net (1,188) 0 Other expense, net (1,188) 0 Income taxe expense 55 9 Net loss \$ (4,461) 0 Loss per common share: \$ (0,12) \$ Basic loss per common share \$ (0,12) \$ Diluted loss per common shares: \$ (0,12) \$	Revenues	\$ 23,771	\$ 28,202
Gross profit12,98210Sales and marketing expenses5,5796General and administrative expenses6,7595Research and development expenses2,4902Amortization of intangible assets1,4272Total operating expenses16,25510Operating loss(3,273)0Other expense:(1,299)(1Interest expense, net(1,299)(1Other expense, net(1,188)(1Other expense, net(1,188)(1Income tax expense555Net loss\$(4,461)(1Income tax expense\$(0,12)\$Diluted loss per common share\$(0,12)\$Weighted average common shares:\$(0,12)\$	Cost of revenues		12,048
General and administrative expenses6,7595Research and development expenses2,4905Amortization of intangible assets1,4275Total operating expenses16,25510Operating loss(3,273)5Other expense: Interest expense, net(1,299)(1,129)Other expense, net(1,111)111Other expense, net(1,118)(1,118)Income tax expense, net(1,188)(1,111)Income tax expense555Net loss\$(4,461)(1,111)Loss per common share: Basic loss per common share\$(0,12)\$Weighted average common shares:\$(0,12)\$	Gross profit		16,154
Research and development expenses2,490Amortization of intangible assets1,427Total operating expenses16,255Operating loss(3,273)Other expense: Interest expense, net(1,299)Other expense, net(1,188)Interest expense, net(1,188)Income taxes(4,461)Income taxes55Net loss\$Income tax expense55Net loss\$Interest expense55Net loss\$Income share: Basic loss per common share\$Interest expense expense\$Interest expense\$Interest expense55Net loss\$Interest expense55Net loss\$Interest expense\$Interest expense\$Interest expense55Net loss\$Interest expense\$Interest expense\$ <td></td> <td>5,579</td> <td>6,306</td>		5,579	6,306
Amortization of intangible assets1,427Total operating expenses16,255Operating loss(3,273)Other expense: Interest expense, net(1,299)Other income (expense), net111Other expense, net(1,188)Income taxes(4,461)Income taxes55Net loss\$ (4,516)Loss per common share: Basic loss per common share\$ (0.12)Diluted loss per common shares:\$ (0.12)Weighted average common shares:\$ (0.12)			5,802
Total operating expenses16,25516Operating loss(3,273)		2,490	2,735
Operating loss(3,273)Other expense: Interest expense, net(1,299)Other income (expense), net111Other expense, net(1,188)Other expense, net(1,188)Income taxes(4,461)Income taxes55Net loss\$ (4,516)Loss per common share: Basic loss per common share\$ (0.12)Diluted loss per common shares:\$ (0.12)Weighted average common shares:\$ (0.12)			1,430
Other expense: Interest expense, net(1,299)(1Other income (expense), net111Other expense, net(1,188)(1Loss before income taxes(4,461)(1Income tax expense55(4,516)(1Net loss\$ (4,516)\$ (1Loss per common share: Basic loss per common share\$ (0.12)\$Diluted loss per common shares:\$ (0.12)\$	Total operating expenses	16,255	16,273
Interest expense, net(1,299)(1Other income (expense), net111111Other expense, net(1,188)(1Loss before income taxes(4,461)(1Income tax expense551Net loss\$ (4,516)\$ (2Loss per common share: Basic loss per common share\$ (0.12)\$Diluted loss per common shares: Weighted average common shares:\$ (0.12)\$	Operating loss	(3,273)	(119)
Other income (expense), net111Other expense, net(1,188)Loss before income taxes(4,461)Income tax expense55Net loss\$ (4,516)Loss per common share: Basic loss per common share\$ (0.12)Diluted loss per common share:\$ (0.12)Weighted average common shares:	Other expense:		
Other expense, net(1,188)(1Loss before income taxes(4,461)(1Income tax expense55(1Net loss\$ (4,516)\$ (1Loss per common share: Basic loss per common share\$ (0.12)\$Diluted loss per common share\$ (0.12)\$Weighted average common shares:\$ (0.12)\$		(1,299)	(1,405)
Loss before income taxes Income tax expense Net loss Loss per common share: Basic loss per common share Diluted loss per common share Weighted average common shares:		111	(270)
Income tax expense 55 Net loss (4,516) (2 Loss per common share: Basic loss per common share \$ (0.12) \$ Diluted loss per common share \$ (0.12) \$	Other expense, net	(1,188)	(1,675)
Net loss \$ (4,516) \$ (2 Loss per common share: Basic loss per common share \$ (0.12) \$ Diluted loss per common share \$ (0.12) \$ Weighted average common shares: \$ (0.12) \$	Loss before income taxes	(4,461)	(1,794)
Loss per common share: Basic loss per common share \$ (0.12) \$ Diluted loss per common share \$ (0.12) \$ Weighted average common shares:	Income tax expense	55	576
Basic loss per common share \$ (0.12) \$ Diluted loss per common share \$ (0.12) \$ Weighted average common shares: \$ (0.12) \$	Net loss	\$ (4,516)	\$ (2,370)
Basic loss per common share \$ (0.12) \$ Diluted loss per common share \$ (0.12) \$ Weighted average common shares: \$ (0.12) \$	Loss per common share:		
Weighted average common shares:		\$ (0.12)	\$ (0.06)
	Diluted loss per common share	\$ (0.12)	\$ (0.06)
Basic 38 329 3'	Weighted average common shares:		
	Basic		37,645
Diluted 38,329 33	Diluted	38,329	37,645

HARVARD BIOSCIENCE, INC. Condensed Consolidated Balance Sheet Information (unaudited, in thousands)

	 March 31, 2020	D	ecember 31, 2019
Assets			
Cash and cash equivalents	\$ 5,882	\$	8,335
Accounts receivables	15,425		20,704
Inventories	23,143		22,061
Other current assets	3,715		2,472
Total current assets	 48,165		53,572
Property, plant and equipment	4,488		4,776
Goodwill and other intangibles	93,599		95,786
Other assets	10,008		10,736
Total assets	\$ 156,260	\$	164,870
Liabilities and Stockholders' Equity			
Current portion, long-term debt	\$ 2,807	\$	6,900
Other current liabilities	20,668		18,412
Total current liabilities	23,475		25,312
Long-term debt	46,280		46,917
Other long-term liabilities	10,496		10,947
Stockholders' equity	76,009		81,694
Total liabilities and stockholders' equity	\$ 156,260	\$	164,870

Condensed Consolidated Cash Flow Information (unaudited, in thousands)

		Three Months Ended March 31,	
	2	020	2019
Cash flows from operating activities:			
Net loss	\$	(4,516) \$	(2,370)
Changes in operating assets and liabilities	Ψ	4,747	1,378
Other adjustments to operating cash flows		2,640	3,002
Net cash provided by operating activities		2,871	2,010
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Cash flows from investing activities:			
Additions to property, plant and equipment		(241)	(143)
Other investing activities		-	(9)
Net cash used in investing activities		(241)	(152)
Cash flows from financing activities:			
Repayments of debt		(4,829)	(4,583)
Other financing activities		(242)	(421)
Net cash used in financing activities		(5,071)	(5,004)
Effect of exchange rate changes on cash		(12)	3
Decrease in cash and cash equivalents		(2,453)	(3,143)
Cash and cash equivalents at the beginning of period		8,335	8,173
Cash and cash equivalents at the end of period	\$	5,882 \$	5,030

HARVARD BIOSCIENCE, INC. Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited) (in thousands, except per share data)

Stock-based compensation expense1014Severance, restructuring and acquisition costs(41)2Adjusted gross profit\$12,971\$GAAP gross profit % of revenue54.6%57.3Adjusted gross profit % of revenue54.6%57.5GAAP gross profit % of revenue54.6%57.5GAAP gross profit % of revenue54.6%57.5GAAP operating expenses\$16,255\$Stock-based compensation expense(783)(573)Stock-based compensation costs(1,512)(493)Intangible assets amortization and impairments(1,427)(1,430)Non-cash expense - acquisition costs(37)(62GAAP operating loss\$(3,273)\$Stock-based compensation expense\$93587Stock-based compensation expense\$1,471495Intangible assets amortization accounting1,4271,430Non-cash expense - acquisition costs1,471495Stock-based compensation expense54755\$GAAP operating loss\$(4,516)\$(2,370)Stock-based compensation expense54755\$\$GAAP operating income\$404040Adjusted operating income\$4755\$\$GAAP operating income\$41,47149511447Intangible assets amortization accounting57119\$40Adjusted operating income % of revenue1,42			Three Months Ended March 31,		
Stock-based compensation expense 10 14 Severance, restructuring and acquisition costs (41) 2 Adjusted gross profit \$ 10,2771 \$ 16,227 GAAP gross profit % of revenue 54.6% 57.3 5 16,225 \$ 16,227 GAAP gross profit % of revenue 54.6% 57.3 5 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,225 \$ 16,227 (43) 16,237 \$ 11,21 1443 14,11 1443 14,11 1443 14,11 1443 14,11 1443 14,11 1443 14,11 1443 14,11 1443 14,11 1453 14,11 1453 14,11 1453 14,11 1453 14,11 1453 14,11 1453 14,11 1453 14,11 1453 14,11 1454 14,21 <th></th> <th></th> <th>2020</th> <th></th> <th>2019</th>			2020		2019
Severance, restructuring and acquisition costs (41) 2 Non-cash expense - acquisition accounting 20 57 Adjusted gross profit 5 12,971 \$ 16,227 GAAP gross profit % of revenue 54.6% 57.3 57 Adjusted gross profit % of revenue 54.6% 57.5 GAAP operating expenses \$ 16,255 \$ 16,273 Stock-based compensation expense (783) (573 (783) (573 Severance, restructuring and acquisition costs (1,427) (1,430) (1,427) (1,430) Non-cash expense - acquisition accounting 373 5(19) \$ (37) (62 GAAP operating loss \$ (3,273) \$ (119) 1471 495 Intangible assets amortization and impairments 1,471 495 1471 495 Intangible assets amortization and impairments 1,471 495 11471 495 Intangible assets amortization and impairments 1,471 495 12,471	GAAP gross profit	\$	12,982	\$	16,154
Non-cash expense - acquisition accounting2057Adjusted gross profit512,971516,227GAAP gross profit % of revenue54.6%57.3Adjusted gross profit % of revenue54.6%57.5GAAP operating expenses516,255516,273Stock-based compensation expense(783)(573Severance, restructuring and acquisition costs(1,427)(1,430)Intangible assets amortization and impairments(1,427)(1,430)Non-cash expense - acquisition costs5(3,273)5GAAP operating expenses5(3,273)5(119)GAAP operating loss5(3,273)5(119)Stock-based compensation expense5(3,273)5(119)GAAP operating loss5(3,273)5(119)Stock-based compensation expense5(3,273)5(119)Mon-cash expense - acquisition accounting57119(1430)Adjusted operating income5(4,516)5(2,370)GAAP operating loss % of revenue2.0%8.98.9GAAP operating loss % of revenue2.0%8.9GAAP operating income % of revenue2.0%8.9GAAP operating loss % of revenue2.0%8.9GAAP operating income % of revenue2.0%8.9GAAP operating income % of revenue2.0%8.9GAAP intagible assets amortization and impairments1.471495Intagible assets amortization and imp			10		14
Adjusted gross profit§12,971§16,227GAAP gross profit % of revenue54.6%57.3Adjusted gross profit % of revenue54.6%57.3GAAP operating expenses\$16,255\$Stock-based compensation expense(783)(573)Stock-based compensation expense(1,512)(493)Intangble assets anotization acounting(1,427)(1,430)Ono-cash expense - acquisition accounting(37)(62GAAP operating loss\$(3,273)\$Stock-based compensation expense793587GAAP operating loss\$(3,273)\$Stock-based compensation and impairments1,471495Intangble assets anotization and impairments1,471495Stock-based compensation expense5(3,273)\$Ono-cash expense - acquisition costs1,471495Intangble asset sanotization and impairments1,4771,430Non-cash expense - acquisition costs1,471495Intangble asset anotization and impairments1,471495Stock-based compensation expense5(4,516)\$GAAP operating loss % of revenue2.0%8.9GAAP net loss5(4,516)\$Severance, restructuring and acquisition costs1,471495Intangble asset anotization and impairments1,471495Intangble asset anotization costs1,471495Intangble asset anotization costs1,471495Intangb			(41)		2
GAAP gross profit % of revenue 54.6% 57.3 Adjusted gross profit % of revenue 54.6% 57.5 GAAP operating expenses \$ 16,255 \$ 16,273 Stock-based compensation expense (783) (573 5 16,225 \$ 16,273 Severance, restructuring and acquisition costs (1,512) (493 (1,427) (1,430 Non-cash expense - acquisition accounting (37) (62 \$ 13,715 GAAP operating loss \$ (3,273) \$ (119 Stock-based compensation expense 793 587 14,471 495 Intangible assets amortization and impairments 1,427 1,430 1,427 1,430 Non-cash expense - acquisition costs 1,427 1,430 57 119 Stock-based compensation expense 57 119 57 119 Stock-based compensation expense 57 14,71 495 Intangible assets amortization and impairments 1,427 1,430 Non-cash expense - acquisition costs 1,471 495 Stock-baseed compensation expense 5			20		57
Adjusted gross profit % of revenue54.6%57.5GAAP operating expenses\$16,255\$16,273Stock-based compensation expense(783)(773)(573)Stock-based compensation expense(1,512)(493)Intangible assets amorization and impairments(1,427)(1,430)Non-cash expense - acquisition accounting(37)(62Adjusted operating expenses\$12,496\$GAAP operating loss\$(3,273)\$GAAP operating loss\$(3,273)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amorization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating loss % of revenue-13.8%-0.4Adjusted operating loss % of revenue2.0%8.9GAAP operating loss % of revenue793587Stock-based compensation expense733587Stock-based compensation expense5(4,516)GAAP net loss793587Stock-based compensation expense733587GAAP net loss1,471495Intangible assets amorization and impairments1,471495Intangible assets amorization and impairments1,4271,430Income taxes (A)2873994Income taxes (A)287399Adjusted net (loss) income\$(481)\$ <td>Adjusted gross profit</td> <td>\$</td> <td>12,971</td> <td>\$</td> <td>16,227</td>	Adjusted gross profit	\$	12,971	\$	16,227
GAAP operating expenses\$16,255\$16,273Stock-based compensation expense(783)(573)Severance, restructuring and acquisition costs(1,512)(493)Intangible assets amortization and impairments(1,427)(1,430)Non-cash expense - acquisition accounting(37)(62Adjusted operating expenses\$12,496\$GAAP operating loss\$(3,273)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income\$(4,516)\$GAAP net loss\$(4,516)\$(2,370)Stock-based compensation expense793587\$Stock-based compensation expense2.0%8.98.9GAAP net loss\$(4,516)\$(2,370)Stock-based compensation expense793587\$2,970Stock-based compensation and impairments1,4714951,471Income taxes (A)2.0%8.9\$640Income taxes (A)2.2733940357Income taxes (A)2.27399397357Income taxes (A)2.87399399Adjusted net (GAAP gross profit % of revenue		54.6%		57.3%
Stock-based compensation expense(783)(573)Severance, restructuring and acquisition costs(1,427)(1,430)Intangible assets amortization and impairments(1,427)(1,430)Non-cash expense - acquisition accounting(37)(62)Adjusted operating expenses(37)(573)GAAP operating loss\$ (3,273)\$ (119)Stock-based compensation expense793557Stock-based compensation and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating loss5(4,516)\$ (2,370)Stock-based compensation expense57119Adjusted operating income\$ 475\$ (2,370)GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income793587Stock-based compensation expense5(4,516)GAAP operating loss % of revenue793587Stock-based compensation expense793587Stock-based compensation expense5(2,370)GAAP operating loss % of revenue2.0%8.9GAAP net loss\$ (4,516)\$ (2,370)Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0,00)GAAP loss per	Adjusted gross profit % of revenue		54.6%		57.5%
Severance, restructuring and acquisition costs(1,512)(493Intangible assets amorization and impairments(1,427)(1,430)Non-cash expense - acquisition accounting(37)(62Adjusted operating expenses\$(3,273)\$GAAP operating loss\$(3,273)\$(119)Stock-based compensation expense793587587Severance, restructuring and acquisition costs1,471495Intangible assets amorization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Severance, restructuring and acquisition costs1,471495Intangible assets amorization and impairments1,4271,430Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Severance, restructuring and acquisition costs1,471495Intangible assets amorization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0,00GAAP loss per common share\$(0,01)Adjusted items after tax per share assuming dilution0,110,08		\$		\$	16,273
Intangible assets amortization and impairments(1,427)(1,430Non-cash expense - acquisition accounting(37)(62Adjusted operating expenses§12,496§GAAP operating loss\$(3,273)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating loss % of revenue57119GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119GAAP operating loss % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0.11)600GAAP loss per common share\$(0.11)0.08Adjusted items after tax per share assuming dilution0.110.01					(573)
Non-cash expense - acquisition accounting(37)(62)Adjusted operating expenses\$12,496\$13,715GAAP operating loss\$(3,273)\$(119)Stock-based compensation expense793587587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,4271,430Intangible assets amortization and impairments1,4271,427Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Severance, restructuring and acquisition costs1,4271,430Intangible asset amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0.11)0.08Adjusted items after tax per share assuming dilution0.110.08					(493)
Adjusted operating expenses\$12,496\$13,715GAAP operating loss\$(3,273)\$(119)Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,471495Intangible asset amortization accounting57119GAAP net loss\$(4,516)\$Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,471495Intangible assets amortization and impairments1,471495Intangible assets amortization and impairments1,471495Intangible assets amortization and impairments57119Income taxes (A)287399Adjusted net (loss) income\$(0.11)0.08GAAP loss per common share\$0.110.08					
GAAP operating loss\$(3,273)\$(119)Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intrangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating income-13.8%-0.4Adjusted operating income % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Stock-based compensation expense793587Stock-based compensation expense793587Stock-based compensation expense793587Stock-based compensation expense793587Stock-based compensation expense793587Stock-based compensation and impairments1,4271,430Non-cash expense - acquisition costs1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0.12)\$GAAP loss per common share\$0.110.08			(37)		(62)
Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income57119GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$ (4,516)\$ (2,370Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Intangible assets amortization and impairments1,4271,430Mon-cash expense - acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Adjusted operating expenses	<u>\$</u>	12,496	\$	13,715
Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income57119GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$ (4,516)\$ (2,370Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Intangible assets amortization and impairments1,4271,430Mon-cash expense - acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	GAAP operating loss	\$	(3,273)	\$	(119)
Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,471495Intangible asset amortization accounting1,471495Intangible asset amortization accounting1,471495Income taxes (A)287399Adjusted net (loss) income\$(0.12)\$GAAP loss per common share\$0.110.08					587
Non-cash expense - acquisition accounting57119Adjusted operating income\$475\$2,512GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$(2,370)Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0.12)\$GAAP loss per common share\$0.110.08			1,471		495
Adjusted operating income\$475\$2,512GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$(2,370Stock-based compensation expense793587Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting571119Income taxes (A)287399Adjusted net (loss) income\$(0.12)GAAP loss per common share\$(0.12)Adjusted items after tax per share assuming dilution0.110.08	Intangible assets amortization and impairments		1,427		1,430
GAAP operating loss % of revenue-13.8%-0.4Adjusted operating income % of revenue2.0%8.9GAAP net loss\$(4,516)\$Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$(0.12)\$GAAP loss per common share\$0.110.08	Non-cash expense - acquisition accounting		57		119
Adjusted operating income % of revenue2.0%8.9GAAP net loss\$ (4,516)\$ (2,370Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0.12)\$ (0.06GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Adjusted operating income	\$	475	\$	2,512
GAAP net loss\$ (4,516)\$ (2,370Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0.12)\$ (0.06GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	GAAP operating loss % of revenue		-13.8%		-0.4%
Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (0.12)\$ (60.66Adjusted items after tax per share assuming dilution0.110.08	Adjusted operating income % of revenue		2.0%		8.9%
Stock-based compensation expense793587Severance, restructuring and acquisition costs1,471495Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (481)\$ 660GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	GAAP net loss	\$	(4,516)	\$	(2,370)
Intangible assets amortization and impairments1,4271,430Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (481)\$ 660GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Stock-based compensation expense		793		587
Non-cash expense - acquisition accounting57119Income taxes (A)287399Adjusted net (loss) income\$ (481)\$ 660GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Severance, restructuring and acquisition costs		1,471		495
Income taxes (A)287399Adjusted net (loss) income\$ (481)\$ 660GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Intangible assets amortization and impairments		1,427		1,430
Adjusted net (loss) income\$ (481)\$ 660GAAP loss per common share\$ (0.12)\$ (0.06Adjusted items after tax per share assuming dilution0.110.08	Non-cash expense - acquisition accounting		57		119
GAAP loss per common share\$(0.12)\$(0.06Adjusted items after tax per share assuming dilution0.110.08			287		399
Adjusted items after tax per share assuming dilution0.110.08	Adjusted net (loss) income	\$	(481)	\$	660
Adjusted items after tax per share assuming dilution0.110.08	GAAP loss per common share	\$	(0.12)	\$	(0.06)
			, ,		0.08
		\$	(0.01)	\$	0.02

(A) Income taxes includes the tax effect of adjusting for the reconciling items using the calculated effective tax rate, including the post-2017 impact of tax reform in the jurisdictions in which the reconciling items arise.