Zacks Small-Cap Research

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Mastech Digital (NYSE Amer: MHH)

MHH: Mastech Reports a Down Q4, But Sees Improvement Throughout the Quarter

Based on an EV to sales of 0.9xs estimated 2024 revenues, we believe MHH stock could be worth $15.90 per share.

Current Price (2/6/2024)	$8.48
Valuation	**$15.90**

OUTLOOK

Mastech Digital, based outside Pittsburgh, PA is an IT staffing business with a data and analytics, consulting, and project management service serving blue-chip customers in the US. Both businesses have been affected by the rapid decline in the economy and IT hiring as customers pull back. The company trades well below its peers and we expect stock price appreciation when it returns to growth aided by stock buybacks. It also plans to grow through acquisition. The potential for a recession, the banking crisis, interest rates, and inflation are hurting the staffing industry and lowering sales and valuations.

SUMMARY DATA

52-Week High	**$13.30**
52-Week Low	**$7.92**
One-Year Return (%)	**-34.7**
Beta	**0.5**
Average Daily Volume (sh)	**4,663**
Shares Outstanding (mil)	**11.6**
Market Capitalization ($mil)	**$98**
Short Interest Ratio (days)	**2.7**
Institutional Ownership (%)	**17**
Insider Ownership (%)	**71**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**6.5**
Earnings Per Share (%)	**2.4**
Dividend (%)	**N/A**
P/E using TTM Non-GAAP EPS	**19.3**
P/E using 2024 Estimate	**12.8**
P/E using 2025 Estimate	**9.4**

Risk Level	**Average**
Type of Stock	**Small Value**
Industry	**IT Services**

ZACKS ESTIMATES

Revenue
(In millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	$60 A	$62 A	$63 A	$57 A	$242 A
2023	$55 A	$52 A	$48 A	$46 A	$201 A
2024	$46 E	$47 E	$48 E	$46 E	$189 E
2025					$198 E

Non-GAAP Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	$0.28 A	$0.30 A	$0.33 A	$0.23 A	$1.13 A
2023	$0.12 A	$0.11 A	$0.11 A	$0.11 A	$0.44 A
2024	$0.14 E	$0.15 E	$0.19 E	$0.11 E	$0.66 E
2025					$0.90 E

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Mastech Digital Reports Q3 Revenue Decline

Mastech reported another year-over-year revenue decline in Q4 but it was 20% compared to 24% in Q3. During the quarter business seemed to improve and D&A had its strongest all-time quarterly booking number, coming in at $19 million. It also had a sequential improvement in revenues. Gross margins improved both year over year and sequentially except for the IT staffing segment which showed a year-over-year decline due to utilization and an increase in costs from direct hire and medical costs.

On November 27, 2023, Michael Fleishman resigned as CEO of Mastech InfoTrellis, Inc. and he will be paid a gross cash severance amount of $2.1 million over the next year. A reserve charge of $2.4 million was taken in the quarter and included other employees. The company says there was a disagreement over the strategic direction of the D&A business. With the need to fill the position, the board decided to take advantage of the change and took on a strategic advisor in January to lay out options to improve the company's plans. Advice could include service offerings, focus, and M&A up to and including selling the company, but a sale is not the objective.

Earnings on a non-GAAP basis came in as expected and should improve in Q1 2024 as revenues could improve and expenses decline. Mastech's enterprise value is now $77 million-- or 0.4 times EV/2024 Estimated Sales. Its peers trade at 2.6xs. On a PE basis, the stock trades at 12.8 times 2024 non-GAAP EPS.

Q4 Results

Q4 2023 resulted in total revenues of $46.1 million down 19.5% from $57.2 million in Q4 2022. The IT staffing business declined to $39.7 million from $53.1 million a year ago and $39.7 million in Q3 2023. IT staffing was 82% of revenues and ended the quarter with 946 billable consultants compared to 1,208 the year before. D&A also declined year over year to $8.2 million from $9.1 million in Q4 2023. It did however improve sequentially by $114,000. Business is greatly affected by the economy and outside contractors are always the first to go and the last to be hired in a downturn.

Total gross margin was down slightly year over year. Gross margin declined in staffing to 20.3% from 22.5% in Q4 2022 due to utilization as well as an increase in health insurance costs while improving greatly in D&A. Margins were down sequentially however for both businesses.

SG&A was up slightly to $13.0 million compared to $12.2 million a year ago. In the $13.0 million there was $2.4 million in one-time severance costs for the CEO and others in D&A. We expect SG&A to be down sequentially in Q1 2024 by that amount. There was an impairment charge of $5.3 million in the quarter for the Infotrellis acquisition as revenues did not meet and are expected not to meet the original basis for the goodwill calculation.

The operating loss was $6.9 million versus a profit of $2.0 million last year. Other income was $44,000 compared to $284,000 a year ago. For the quarter there was a tax reversal of $1.5 million, compared to paying taxes of 32% last year. For the full year, the tax rate was 21% but is expected to return to 28% next year as profits return.

The GAAP loss was $5.4 million compared to a profit of $1.5 million last year. On a non-GAAP basis, it was $1.3 million down 52%. GAAP loss per share was $0.46 compared to EPS of $0.13 a year ago. On a non-GAAP basis, it was $0.11 versus $0.23. The share count was 11.6 million, flat with last year.

Balance Sheet

The company ended the quarter with $21.1 million in net cash aided by the collection of $2.2 million in insurance recovery, a quick ratio of 2.8xs, working capital of $36.6 million, and no debt. The company has a positive free cash flow and considerable debt capacity. It currently has a borrowing availability of $22.5 million under its revolving credit facility.

During the fourth quarter, Mastech purchased 5,000 shares of common stock under the share repurchase program. Its original stock buyback plan was for 500,000 shares to be executed over the next two years with an extension possible. It is limited to buying 25% of the daily volume each day and at the moment that is only an average of about 4,700 shares per day making the process slow. Its normal blackout period ends two days after an earnings announcement and begins again when the quarter ends, however, in Q4 there were corporate events that increased the blackout period. This combined with the low trading volume of MHH stock led to less opportunity to buy back stock. Activity is expected to be greater in Q1 2024.

After the Quarter Ended

On January 12, 2024, Mastech entered into a three-year consulting agreement with Phaneesh Murthy and Srinjay Sengupta. These consultants will provide Mastech with strategic advisory and management consulting services. These consultants have extensive experience and contacts in the industry and Mr. Murthy was the Chief Executive Officer of iGATE Corporation from 2003 until 2013. Mastech Digital was originally the IT staffing business of iGATE.

The agreement is for three years or until the sale of the company. Mastech will pay: $100,000 per month for the first 9 months, $30,000 per month for months 10 through 12, $25,000 per month for months 13 through 18, $20,000 per month for months 19 through 24, and $120,000 on the second anniversary. Additionally, Mastech issued to each of Murthy and Sengupta 192,500 options exercisable at $8.34 per share with a third vesting after each of the three years. As additional incentive compensation to the consultant: If the company is sold within the next year, Murthy and Sengupta will each receive from the founders 1.1% of the total number of shares of common stock outstanding on the date upon which the definitive agreement of the sale. After a year if sold but before three years, Murthy and Sengupta will each only receive 0.55% of the total shares.

KEY POINTS

- Mastech Digital had historically been an IT staffing company, but it entered the data and analytics business in 2017 with its purchase of InfoTrellis. It added to this business in Q4 2020 with the purchase of AmberLeaf. This business operates at a higher margin and is ultimately expected to be an increasingly bigger part of total sales. This math should lead to accelerating earnings growth as well as a higher valuation for the stock.

- Mastech plans to augment its internal growth with acquisitions in the data and analytics space to expand its capabilities. It has no debt and an increasing cash balance from internally generated cash flow, which leaves it with increasing debt capacity and cash to grow through acquisition.

- The economy has recently worsened and customers have pulled back on projects and reduced IT spending. However, the data & analytics business could show improvement under new management, an improving pipeline, and expanded offerings.

- The company has just hired strategic consultants to improve the business.

- Today MHH is trading at a fully diluted enterprise value of $77 million. That is 0.4 times its enterprise value to 2024 estimated sales versus its peers who trade at 2.6 times.

OVERVIEW

Mastech Digital is a minority-owned IT services company headquartered in Moon Township, PA with offices in the US, Canada, and India. It has domestic sales offices in Chicago; Boston; Orlando; Tampa; Dallas; Atlanta; Houston; Freemont, CA; and Toronto, in addition to its headquarters near Pittsburgh. Internationally, the company has a sales presence in Singapore; Ireland, and the UK; and it recruits and provides IT outsourcing through its locations in Noida and Chennai, India. On December 31, 2022, it had 1,071 North American employees and 624 employees offshore, in addition to 324 subcontracted professionals. Then 27% of the workforce was working under Mastech-sponsored H1-B temporary work permits. Originally, it was the IT staffing business of iGATE Capital Corp., a public company that was sold to Capgemini in 2015 for $4+ billion in cash. Mastech Digital had been previously spun off as a separate public company from iGATE in 2008. Since then, it has also become a consultant, project manager, and VAR in data analytics, data management, and big data through its acquisition of InfoTrellis in 2017, and of AmberLeaf in 2020. It reports the earnings of these two segments. IT staffing is still the largest part of the company but the smaller and higher margin, data and analytics business should ultimately be an increasing percentage of total revenues going forward. This dynamic should result in continued accelerating margin expansion going forward, and this growth could result in an expansion of the stock's PE ratio.

VALUATION

To value MHH we are using comparable peer companies that staff technology people. Their valuations average 2.6 times EV to estimated 2024 sales. All of these companies are generating much higher margins than Mastech. If we take Kforce's multiple of 0.9 times and use that multiple and apply it to Mastech's forecasted 2024 revenues the stock would be worth a market cap of $191 million or $15.90 per share. At 0.4 times Mastech trades below the lowest comp ratio.

Company	Ticker	Cal. Rev 2025E	Cal. Rev 2024E	LTM	EBIDTA Margin	EV/Sales 2025E	EV/Sales 2024E	EV/Sales LTM	Included in Average?	Enterprise Value
Accenture	ACN	NA	67,200	64,590	17%	NA	3.3	3.5	y	224,600
Cognizant	CTSH	20,820	19,750	19,350	18%	1.8	1.9	2.0	y	37,890
Infosys	INFY	NA	19,100	18,550	23%	NA	4.4	4.5	y	84,310
Kforce Inc.	KFRC	1,560	1,470	1,530	6%	0.9	0.9	0.9	y	1,390
Wipro	WIT	NA	11,200	11,000	24%	NA	2.6	2.7	y	29,450
Average					17.7%	1.4	2.6	2.7		69,638

In December CTG was acquired for $10.50 per share in cash, or $170 million. This was 0.6xs its run rate based on its Q2 2023 revenues. Using this valuation, Mastech would be worth $110 million or $9.25 per share.

RISKS

- The company is subject to the business cycle and tends to do better when the economy is robust or at the end of a recession when companies are reluctant to bring on full-time hires. Customers are bracing for a possible recession and have become more cautious with projects which has affected revenues and earnings and could continue to do so going forward.

- The company is almost entirely dependent on the US market in the IT staffing segment.

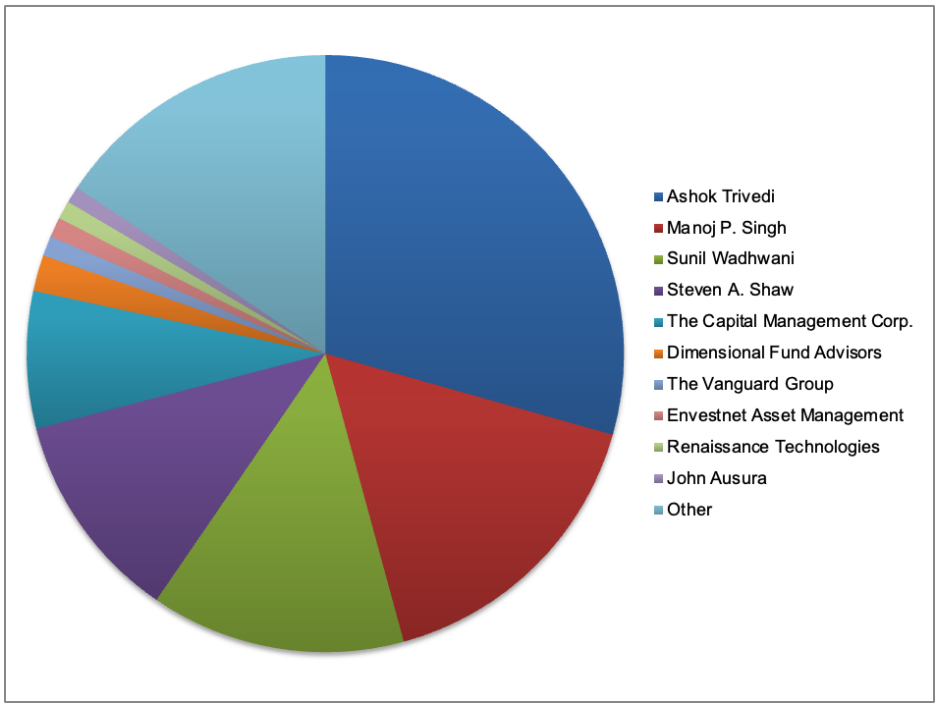
- The top ten clients represented 52% of sales in Q3 2023. In that quarter, only CGI exceeded 10% of revenues and it contributed 21.1%.

- Any regulatory changes regarding H-1B visas could eventually trickle down to Mastech's pool of potential consultants; approximately 27% of its employee base is sourced from those currently holding these visas. Although there is talk about changes to visa grants for new entries into the US, Mastech sources its workforce base from those who already have the appropriate visas. A greater acceptance of remote working especially overseas could decrease this risk.

- The IT hiring market is hot and highly competitive. The company is having difficulty retaining consultants as their opportunities for employment have vastly increased recently. This demand exceeding supply could hurt the ability to hire and place staff and constrain revenue and earnings growth.

- The worldwide economy is facing a recession which could dampen demand further and now has increasing unrest in the Middle East.

OWNERSHIP



INCOME STATEMENT

	Q1 2022 31-Mar	Q2 2022 30-Jun	Q3 2022 30-Sep	Q4 2022 31-Dec	Q1 2023 31-Mar	Q2 2023 30-Jun	Q3 2023 30-Sep	Q4 2023 31-Dec	Q1 2024E 31-Mar	Q2 2024E 30-Jun	Q3 2024E 30-Sep	Q4 2024E 31-Dec	2022	2023	2024E	2025E
Billable consultants	1,305	1,357	1,314	1,208	1,125	1,041	992	946	946	946	946	946	1,208	946	946	984
IT Staffing Services	49,603	50,867	53,074	48,100	45,668	43,431	39,741	37,900	37,700	38,000	39,000	38,000	201,644	166,740	152,700	158,808
Yr-to-yr Growth	21%	14%	8%	-2%	-8%	-15%	-25%	-21%	-17%	-13%	-2%	0%	10%	-21%	-8%	4%
IT Staffing Gross Margin	11,359	11,852	12,313	10,823	9,864	9,642	8,902	7,694	7,615	7,790	8,190	7,790	46,378	36,102	31,385	34,938
Gross Margin %	22.9%	23.3%	23.2%	22.5%	21.6%	22.2%	22.4%	20.3%	20.2%	20.5%	21.0%	20.5%	23.0%	21.7%	20.6%	22.0%
Data & Analytics Services	10,152	11,250	10,076	9,116	9,395	8,773	8,038	8,152	8,300	8,500	9,000	10,000	40,594	34,358	35,800	39,380
Yr-to-yr Growth	15.4%	25.7%	-4.2%	-9.5%	-7.5%	-22.0%	-20.2%	-10.6%	-11.7%	-3.1%	12.0%	22.7%	5.9%	-18.2%	4%	10%
Data & Analytics Gross Margin	4,589	4,905	3,990	3,373	3,617	4,000	3,681	3,644	3,718	3,825	4,122	4,560	16,847	14,943	16,225	17,918
Gross Margin %	45.2%	43.6%	39.6%	37.0%	38.5%	45.6%	45.8%	44.7%	44.8%	45.0%	45.8%	45.6%	41.5%	43.5%	45.3%	45.5%
Revenue	**$59,755**	**$62,117**	**$63,150**	**$57,216**	**$55,063**	**$52,204**	**$47,779**	**$46,052**	**$46,000**	**$46,500**	**$47,779**	**$46,052**	**$242,238**	**$201,098**	**$188,500**	**$198,188**
Yr-to-yr Growth	20.1%	15.8%	6.1%	-3.1%	-7.9%	-16.0%	-24.3%	-19.5%	-16.5%	-10.9%	0.0%	0.0%	9.1%	-20.5%	-7%	5%
Cost of revenue	43,823	45,371	46,863	42,998	41,581	38,560	35,213	34,708	34,666	34,885	35,467	33,702	179,055	150,062	138,720	145,332
Gross profit	15,932	16,746	16,287	14,218	13,482	13,644	12,566	11,344	11,334	11,615	12,312	12,350	63,183	51,036	47,611	52,856
Gross Margin %	26.7%	27.0%	25.8%	24.8%	24.5%	26.1%	26.3%	24.6%	24.6%	25.0%	25.8%	26.8%	26.1%	25.4%	25.3%	26.7%
SG&A	12,625	13,198	12,930	12,231	12,950	13,372	12,615	12,974	10,700	10,800	10,900	11,000	50,984	51,911	43,400	44,000
Impairment of goodwill	0	0	0	0	0	0	0	5,300	0	0	0	0	0	5,300	0	0
Revaluation of contingent consideration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employment-related claim, net	0	0	0	0	0	3,100	0	0	0	0	0	0	0	3,100	0	0
Total operating expenses	12,625	13,198	12,930	12,231	12,950	16,472	12,615	18,274	10,700	10,800	10,900	11,000	50,984	60,311	43,400	45,000
Operating income:	3,307	3,548	3,357	1,987	532	(2,828)	(49)	(6,930)	634	815	1,412	1,350	12,199	(9,275)	4,211	7,856
Operating margin	5.5%	5.7%	5.3%	3.5%	1.0%	-5.4%	-0.1%	-15.0%	1.4%	1.8%	3.0%	2.9%	5.0%	-4.6%	2.2%	4.0%
Other income:																
Total other income	(60)	68	0	284	(53)	50	203	44	40	40	40	40	292	244	160	100
Income before income taxes	3,247	3,616	3,357	2,271	479	(2,778)	154	(6,886)	674	855	1,452	1,390	12,491	(9,031)	4,371	7,956
Pretax Margin	5.4%	5.8%	5.3%	4.0%	0.9%	-5.3%	0.3%	-15.0%	1.5%	1.8%	3.0%	3.0%	5.2%	-4.5%	2.3%	4.0%
Income taxes	915	1,180	951	733	218	(605)	29	(1,535)	189	239	407	389	3,779	(1,893)	1,224	2,188
Tax rate	28%	33%	28%	32%	46%	22%	19%	19%	28%	28%	28%	28%	30%	21%	28%	28%
Net income	2,332	2,436	2,406	1,538	261	(2,173)	125	(5,351)	485	616	1,045	1,001	8,712	(7,138)	3,147	5,768
Yr-over-Yr	95%	-35%	-29%	-60%	-89%	-189%	-95%	-448%	86%	-128%	736%	-119%	-28.7%	222.1%	-144%	83%
Stk based compensation	526	792	776	171	835	842	824	581	581	581	581	581	2,225	3,082	2,324	2,500
One-time expenses plus amortization	452	346	853	1,059	305	2,622	308	6,096	600	600	600	600	2,750	9,331	2,400	2,500
Non-GAAP Income	3,310	3,574	4,035	2,768	1,401	1,291	1,257	1,326	1,666	1,797	2,226	1,326	13,687	5,275	7,871	10,768
Yr-over-Yr	48%	4%	-12%	-31%	-58%	-64%	-69%	-52%	19%	39%	77%	0%	-4%	-159.5%	49%	37%
Net income per share:																
Primary EPS	0.20	0.21	0.21	0.13	0.02	(0.19)	0.01	(0.46)	0.04	0.05	0.09	0.09	0.75	(0.61)	0.27	0.50
Diluted EPS	0.19	0.20	0.20	0.13	0.02	(0.18)	0.01	(0.46)	0.04	0.05	0.09	0.08	0.72	(0.61)	0.26	0.48
Diluted Non-GAAP EPS	0.28	0.30	0.33	0.23	0.12	0.11	0.11	0.11	0.14	0.15	0.19	0.11	1.13	0.44	0.66	0.90
	47%	3%	-12%	-32%	-58%	-63%	-69%	-50%	20%	39%	78%	-3%	-5%	-157.6%	49%	37%
Shares																
Basic	11,509	11,607	11,616	11,620	11,638	11,620	11,597	11,598	11,578	11,558	11,538	11,518	11,588	11,613	11,597	11,518
Yr-over-Yr	0.8%	1.4%	1.5%	1.5%	1.1%	0.1%	-0.2%	-0.2%	-0.5%	-0.5%	-0.5%	-0.7%	1%	0.2%	0%	-1%
Diluted	12,035	12,110	12,084	12,063	12,054	11,961	11,968	11,598	11,968	11,948	11,928	11,908	12,077	11,613	11,968	11,908
Yr-over-Yr	0.3%	0.9%	0.5%	0.2%	0.2%	-1.2%	-1.0%	-3.9%	-0.7%	-0.1%	-0.3%	2.7%	1%	-4.0%	3%	-1%

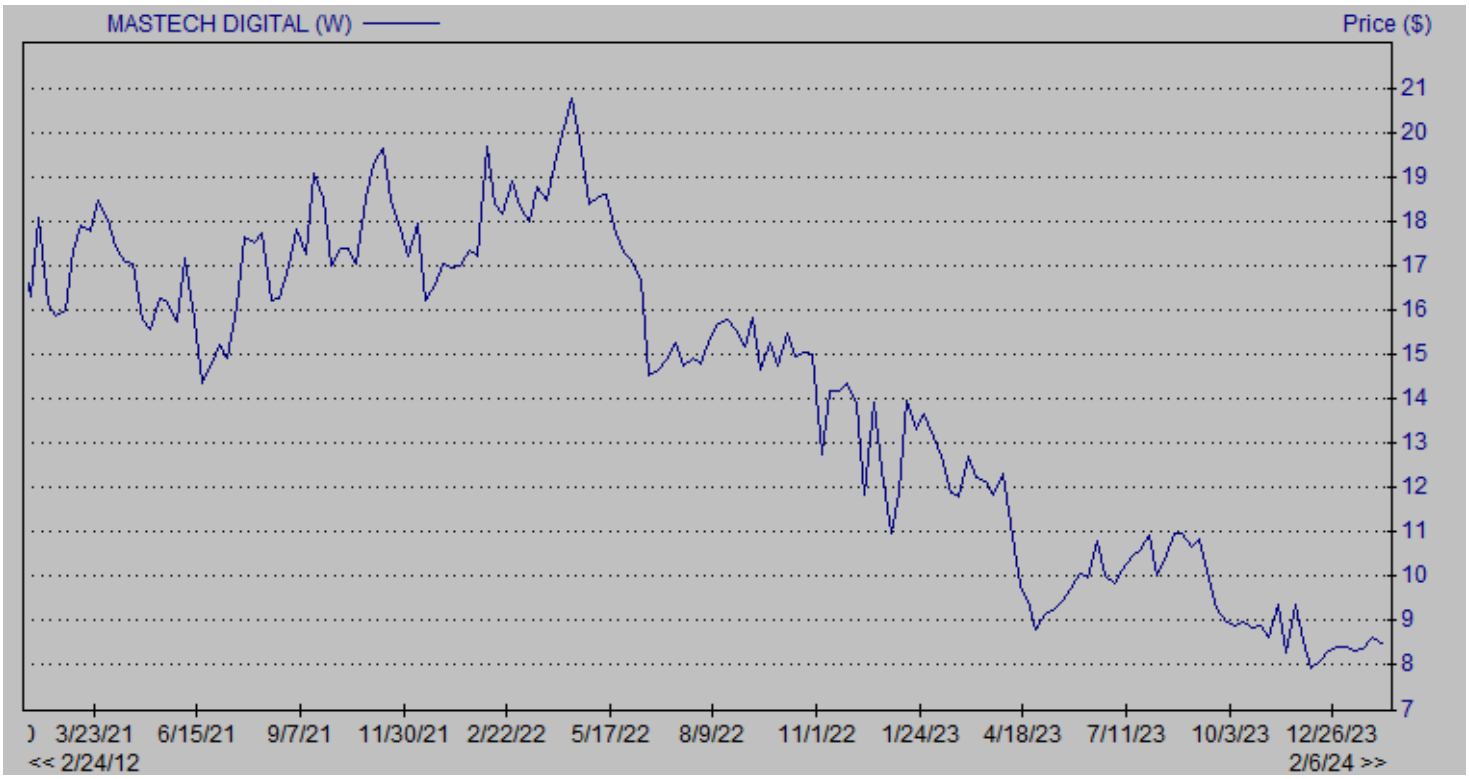
BALANCE SHEET

	Dec 31, 2023	Sept 30, 2023	Qtr-Qtr % Growth	Dec 31, 2022	Yr-Yr % Growth
Current assets:					
Cash and equivalents	**$ 21,147**	**$ 15,881**	33.2%	**$ 7,057**	199.7%
Accounts receivable, net	29,815	32,278	-7.6%	42,322	-29.6%
Insurance recovery	0	2,200	-100.0%	0	0.0%
Prepaid expenses & other curr assets	5,501	5,859	-6.1%	3,795	45.0%
Total current assets	56,463	56,218	0.4%	53,174	6.2%
Equipment, software and leasehold net	1,913	2,009	-4.8%	2,665	-28.2%
Deferred income taxes	793	0	NA	0	NM
Right-of-use assets	5,106	4,418	15.6%	3,886	31.4%
Deferred financing costs, net	284	238	19.3%	293	-3.1%
Non-current deposits	457	456	0.2%	578	-20.9%
Goodwill, net	27,210	32,510	-16.3%	32,510	-16.3%
Intangible assets, net	13,001	13,694	-5.1%	15,773	-17.6%
Total assets	105,227	109,543	-3.9%	108,879	-3.4%
Current liabilities:					
Current portion of long-term debt, net	**0**	**0**	0.0%	**1,100**	-100.0%
Accounts payable	4,659	4,842	-3.8%	4,475	4.1%
Accrued payroll and related costs	12,354	12,270	0.7%	11,085	11.4%
Current portion of operating lease liability	1,236	1,318	-6.2%	1,504	-17.8%
Other accrued liabilities	1,622	1,274	27.3%	1,393	16.4%
Total current liabilities	19,871	19,704	0.8%	19,557	1.6%
Lease liability	3,843	3,054	25.8%	2,294	67.5%
Long term accrued income taxes	69	69	0.0%	105	-34.3%
Long term deferred income taxes	0	516	-100.0%	920	-100.0%
Total liabilities	23,783	23,343	1.9%	22,876	4.0%
Stockholders' equity					
Common stock	133	133	0.0%	133	0.0%
Additional paid-in capital	35,345	34,710	1.8%	32,059	10.2%
Retained earnings	52,415	57,766	-9.3%	59,553	-12.0%
Accumulated other comp loss	(1,644)	(1,650)	-0.4%	(1,555)	5.7%
Treasury stock, at cost	(4,805)	(4,759)	1.0%	(4,187)	14.8%
Total stockholders' equity	81,444	86,200	-5.5%	86,003	-5.3%
Total liabilities and stockholders' equity	105,227	109,543	-3.9%	108,879	-3.4%
Current and quick ratio	2.8	2.9	-0.4%	2.7	4.5%
Working Capital	36,592	36,514	0.2%	33,617	8.8%
Net cash	21,147	15,881	33.2%	7,057	199.7%
Debt	0	0	0.0%	1,100	-100.0%
Debt/TA	0%	0%	0.0%	1%	-100.0%

CASH FLOWS

	Year 2020	Year 2021	3 Mo Ended Mar 31, 2022	3 Mo Ended Jun 30, 2022	3 Mo Ended Sep 30, 2022	3 Mo Ended Dec 31, 2022	Year 2022	3 Mo Ended Mar 31, 2023	3 Mo Ended Jun 30, 2023	3 Mo Ended Sep 30, 2023
Cash flows from operating activities:										
Net income	9,861	12,221	2,332	2,436	2,406	1,538	8,712	261	(2,173)	125
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	3,589	3,979	1,020	1,108	1,123	944	4,195	1,014	1,012	917
Bad debt expense	-	130	-	-	50	-	50	-	-	-
Interest amortization of deferred financing costs	284	82	18	18	19	18	73	18	19	18
Stock-based compensation	2,021	2,212	526	752	776	171	2,225	835	842	824
Deferred income taxes, net	(1,821)	1,061	623	(72)	(55)	159	655	(245)	(194)	34
Employment-related claim liability, net	-	-	-	-	-	-	-	-	3,100	(3,100)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-
Reevaluation of contingent consideration liability	-	(2,882)	-	-	-	-	-	-	-	-
Loss on disposition of fixed assets	4	9	-	-	-	-	-	1	-	(1)
Long term accrued income taxes	(20)	(40)	-	-	(20)	-	(20)	-	(36)	-
Operating lease assets and liabilities, net	18	173	(76)	(147)	(132)	(24)	(379)	12	10	46
Change in operating assets and liabilities:										
Accounts receivable & unbilled receivables	2,133	(11,389)	(3,445)	(4,370)	718	8,118	1,021	245	9,360	439
Insurance recovery										
Prepaid expenses and other current assets	251	(2,544)	699	89	(731)	38	95	452	(1,404)	(1,129)
Accounts payable	(1,613)	2,365	1,288	482	(893)	(1,356)	(479)	210	(307)	467
Accrued payroll	6,287	(429)	(873)	(117)	2,378	(4,543)	(3,155)	385	(834)	1,641
Other accrued liabilities	91	202	(448)	169	87	151	(41)	(262)	554	(615)
Deferred revenues	146	66	(101)	26	81	(343)	(337)	205	27	(29)
Net cash used by operating activities	21,231	5,216	1,563	374	5,807	4,871	12,615	3,131	9,976	(2,562)
Cash flows from Investing activities:										
Acquisition of Amberleaf, net	(9,345)	-	-	-	-	-	-	-	-	-
(Payment for) recovery of non-current deposits	9	(199)	84	20	(80)	(7)	17	90	(20)	49
Capital expenditures	(298)	(1,895)	(730)	(67)	(22)	(16)	(835)	(97)	(15)	(101)
Proceeds from sale of fixed assets	-	10	-	-	-	-	-	-	-	-
Net cash used in investing activities	(9,634)	(2,084)	(646)	(47)	(102)	(23)	(818)	(7)	(35)	(52)
Cash flows from Financing activities:										
Borrowings on revolving credit facility, net	(9,551)	-	-	-	-	-	-	-	-	-
Borrowing on term loan facility	17,500	-	-	-	-	-	-	-	-	-
(Repayments) on term loan facility	(15,969)	(4,400)	(1,100)	(1,100)	(8,700)	(1,100)	(12,000)	(1,100)	-	-
Proceeds from the issuance of common shares	222	301	-	199	(10)	74	263	-	150	-
Payment of deferred financing costs	(246)	(223)	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	(572)	-
Proceeds from the exercise of stock options	1,330	229	893	430	-	-	1,323	-	-	-
Net cash provided by financing activities	(6,714)	(4,093)	(207)	(471)	(8,710)	(1,026)	(10,414)	(1,100)	(422)	-
Effect of exchange rate changes of cash	(187)	(94)	(147)	(319)	(235)	(247)	(948)	16	(2)	(119)
Net change - cash	4,696	(1,055)	563	(463)	(3,240)	3,575	435	2,040	9,517	(2,733)
Cash, beginning of quarter	2,981	7,677	6,622	7,185	6,722	3,482	6,622	7,057	9,097	18,614
Cash, end of period	7,677	6,622	7,185	6,722	3,482	7,057	7,057	9,097	18,614	15,881
Supplemental information:										
Interest paid	779	623	-	-	-	-	324	-	-	-
Income taxes paid	2,681	3,831	-	-	-	-	2,164	-	-	-
Cash Flow	13,936	16,945	4,443	4,095	4,167	2,806	15,511	1,896	2,580	(1,137)
Free cash flow	13,638	15,050	3,713	4,028	4,145	2,790	14,676	1,799	2,565	(1,238)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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