Zacks Small-Cap Research

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Mastech Digital (NYSE Amer: MHH)

MHH: Mastech Digital Starts the Year with a New CEO

Based on the blended valuation of an EV to sales of 0.7xs estimated 2025 revenues and a PE of 15, we believe MHH stock could be worth approximately $14.00 per share.

Current Price (2/19/2025)	$12.15
Valuation	**$14.00**

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. The company trades below its peers and we expect stock price appreciation now that the company has returned to growth and taken on a new extremely experienced CEO. It also plans to grow through acquisition.

SUMMARY DATA

52-Week High	**$15.98**
52-Week Low	**$7.23**
One-Year Return (%)	**39.6**
Beta	**0.6**
Average Daily Volume (sh)	**19,282**
Shares Outstanding (mil)	**11.7**
Market Capitalization ($mil)	**$142**
Short Interest Ratio (days)	**0.3**
Institutional Ownership (%)	**18**
Insider Ownership (%)	**49**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**1.2**
Earnings Per Share (%)	**-21.4**
Dividend (%)	**N/A**
P/E using TTM Non-GAAP EPS	**17.1**
P/E using 2025 Estimate	**14.8**
P/E using 2026 Estimate	**12.2**

Risk Level	**Above 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)
2023	$55 A	$52 A	$48 A	$46 A	$201 A
2024	$47 A	$50 A	$52 A	$51 A	$199 A
2025	$48 E	$52 E	$54 E	$55 E	$208 E
2026					$217 E

Non-GAAP Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	$0.12 A	$0.11 A	$0.11 A	$0.11 A	$0.44 A
2024	$0.06 A	$0.19 A	$0.23 A	$0.23 A	$0.71 A
2025	$0.13 E	$0.21 E	$0.23 E	$0.26 E	$0.82 E
2026					$1.00 E

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WHAT'S NEW

A New CEO and a New Year for Mastech Digital

On January 6th, Nirav Patel became President, Chief Executive Officer, and a member of the company's Board of Directors. He succeeds Vivek Gupta, who has led the company since 2016. Nirav brings over 20 years of experience as a technology executive with a proven track record of scaling multibillion-dollar businesses. Most recently, he was President and CEO of Bristlecone, a Mahindra Group company specializing in digital supply chain transformation. There, he transformed Bristlecone into the industry's largest pure-play supply chain services provider and expanded its global workforce to over 3,000. He was also Senior Vice President and Global Markets Leader at Cognizant, where he grew the Communications, Media, and Technology business to over $2 billion in revenue. Nirav earned a BS in computer science from BIST, Madras University, and attended Harvard Business School's Advanced Management Program.

According to filings, Mr. Patel will receive an annual base salary of $1 million and is eligible to earn an annual cash bonus of $500,000 to achieve certain financial and operational targets. He also receives a cash signing bonus of $2 million and 702,358 stock options with an exercise price equal to the stock's closing price on January 6th ($15.41), which will vest over four years.

Mastech Digital Reported Improved Earnings and Margins in 2024

While revenues remained flattish in the 2024 year, margins improved to record levels, giving Mastech much higher gross and operating margins than in 2024. The company is now growing year over year in both revenues and earnings, and we expect results for 2025 to be much improved despite current customer uncertainty. For the year, revenue declined 1.1%, while non-GAAP net income and EPS grew over 62% due to improved margins. The company added 62 billable consultants in the year to reach 1,008.

D&A bookings grew to $11 million in Q4 compared to $11 million in Q3. This was below company expectations given its robust pipeline. The D&A segment reported year-over-year revenue growth of 7%. Staffing revenues declined 3%, but its margin increased to 23.2% from 21.7%. Total gross margin was again a record, and since D&A has room to improve, it could continue to grow.

Mastech's enterprise value is now $120 million, up from $100 million in our last report. -- or 0.5 times EV/2025 estimated Sales. The stock trades at 14.8 times 2025 non-GAAP EPS on a PE basis with expected EPS growth of 15%. If we say the stock is worth between 0.7 times EV to sales and a PE of 15 times, the stock price would average approximately $14.00 per share.

Q3 2024 Results Show Revenue Growth and Another Record Gross Margin

In Q4 2024, Mastech generated total revenues of $50.7 million, up 10.2% from $46.1 million in Q4 2023. The IT staffing business rose to $40.5 million from $37.9 million a year ago (6.8%) but declined sequentially from $42.4 million in Q3 2024 due to fewer consultants and more holidays. IT staffing was 80% of revenues and ended the quarter with 1,008 billable consultants compared to 946 the year before. D&A grew year over year to $10.3 million from $8.2 million in Q4 2023 (26.2%). Its revenues improved sequentially by 9.4%.

Total gross margin improved 30% year over year and reached another record for the company at 29.0% compared with 24.6% last year and 28.5% in Q3 2024. Staffing's gross margin was again at a record at 23.8%. The increase was due to higher utilization, higher billing rates, and better execution. Sales and operations in staffing have become more aligned, leading to better forecasting, customer satisfaction, and more efficiency.

SG&A once again included one-time expenses and was $14.7 million compared to $13.0 million a year ago.

According to the contract, consultant fees dropped by $210,000 in Q4, helping reduce SG&A. The company hopes to keep SG&A as a percentage of revenues steady.

The operating profit was $65,000 versus a loss of $6.9 million last year. This year's quarter included a one-time charge for severance expense for the former CEO of $2.1 million. Last year, there was a $2.3 million charge for severance plus a goodwill impairment of $5.3 million. Taking out both years' one-time charges, the operating profits would have been $2.1 million in 2024 versus $720,000 in 2023. Other income was $260,000 compared to $44,000 a year ago. Taxes in the quarter were $28,000, compared to a tax benefit of $1.5 million last year. The tax rate for the full year ended up at 23% and is expected to be approximately 28% next year.

GAAP income was $297,000 compared to a loss of $5.4 million last year. On a non-GAAP basis, it was $2.8 million versus $1.3 million, up 111%. Fully diluted GAAP earnings per share was $0.02 compared to a loss per share of $0.46 a year ago. On a non-GAAP basis, EPS was $0.23 versus $0.11. The diluted share count was 12.2 million, up 593,000 shares from last year.

Balance Sheet

The company ended the year with $27.7 million in net cash ($2.28 per share), a quick ratio of 3.2xs, working capital of $45.0 million, and no debt. The company added $6.6 million in cash during the year by generating free cash flow. It currently has a borrowing availability of $23 million under its revolving credit facility.

The company has a stock buyback plan for 500,000 shares, of which 423,000 remain to buy due to the excessive blackout periods in the past two years. The plan has been extended until February 2026.

Consultant Agreement

On January 12, 2024, Mastech entered into a three-year consulting agreement with Phaneesh Murthy and Srinjay Sengupta. These consultants are providing Mastech with strategic advisory and management consulting services. The deal is for three years or until the sale of the company. Mastech paid $100,000 per month for the first 9 months, $30,000 per month for months 10 through 12, it will pay $25,000 for months 13 through 18, $20,000 for months 19 through 24, and $120,000 on the second anniversary.

KEY POINTS

- Mastech Digital was solely an IT staffing company, but it entered the data and analytics business in 2017 by buying 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.

- Demand has recently improved as customers begin to implement long-delayed projects. Margins are improving and setting records.

- In January 2024, the company hired strategic consultants to improve the business, and in January 2025, it hired a new CEO.

- Today, MHH trades at a fully diluted enterprise value of $120 million. This is 0.5 times its enterprise value to 2025 estimated sales, compared to its peers, who trade at 2.7 times.

OVERVIEW

Mastech Digital is a minority-owned IT services company headquartered in Moon Township, PA, with US, Canada, and India offices. 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, 2024, it had 1,816 employees. A large portion of its salaried employees were 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 acquisition. 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 2.7 times EV to estimated 2025 sales. All of these companies except Kforce are generating much higher margins than Mastech. If we take Kforce's multiple of 0.7 times, use that multiple, and apply it to Mastech's forecasted 2025 revenues, the company is worth a market cap of $180 million or $15.34 per share. At 0.5 times, Mastech trades below the lowest comp ratio. Its 14.8 non-GAAP 2025 PE is near its expected growth rate of 15%. Using a PE to growth rate of 1, the stock would be $12.30 per share. Blending those two valuations, we get a stock price of $14.00.

Company	Ticker	Cal. Rev 2026E	Cal. Rev 2025E	LTM	EBIDTA Margin	EV/Sales 2026E	EV/Sales 2025E	EV/Sales LTM	Enterprise Value
Accenture	ACN	NA	69,600	66,360	17%	NA	3.5	3.7	242,250
Cognizant	CTSH	21,790	20,670	19,740	18%	2.0	2.1	2.2	43,140
Infosys	INFY	NA	20,220	19,110	23%	NA	4.2	4.5	85,600
Kforce Inc.	KFRC	1,480	1,390	1,410	5%	0.7	0.7	0.7	967
Wipro	WIT	10,930	10,310	10,357	19%	3.1	3.2	3.2	33,340
Average					16.3%	1.9	2.7	2.8	74,391

In December 2023, CTG was acquired for $10.50 per share in cash, or $170 million. This was 0.6x its run rate based on its Q2 2023 revenues. Using this valuation and Mastech's Q4 2024 run rate, it would be worth $150 million or $12.77 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 have become more cautious with projects that have affected revenues and earnings and could continue to do so.

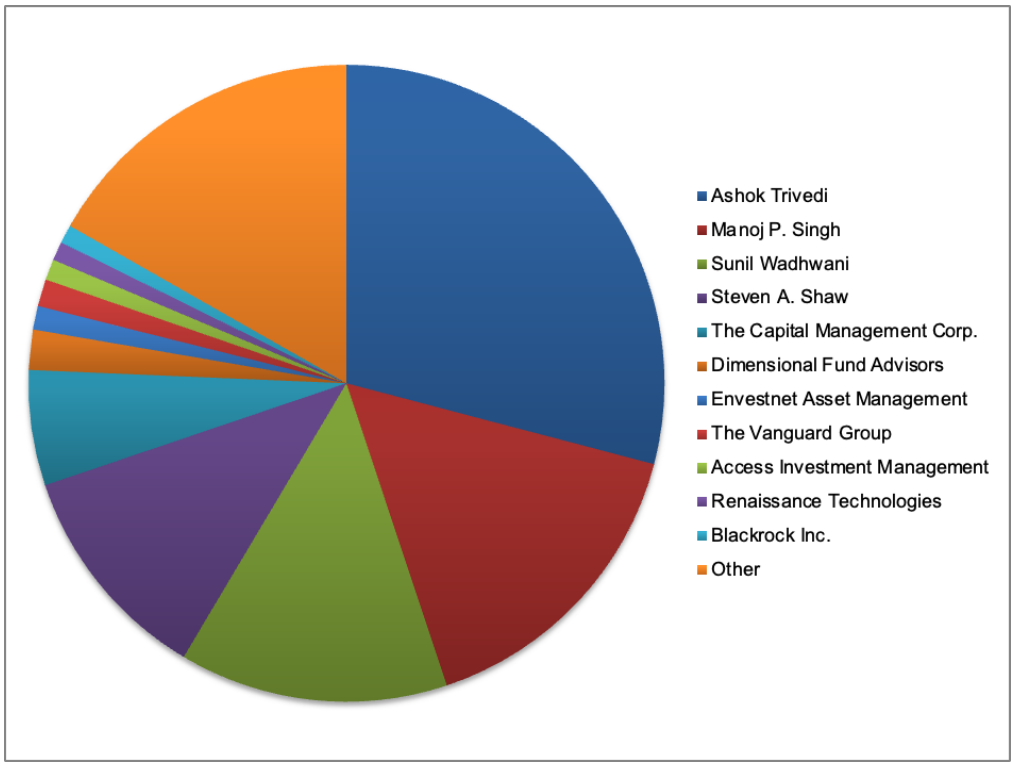
- The company is almost entirely dependent on the US market in the IT staffing segment.

- The top ten clients represented approximately 56% of revenues in Q3 2024. For Q3 2024, Mastech had two clients (CGI = 14.0% and Allegis = 11.7%) that exceeded 10% of total revenues. For the nine months that ended September 30, 2024, the same two clients, CGI and Allegis, were 15.4% and 10.6%, respectively. For Q3 2023, the company had only CGI, which exceeded 10% of total revenues at 21.1%. For the nine months ended September 30, 2023, the only client that exceeded 10% of total revenues was CGI at 23.7%. So that means that CGI contributed $22.8 million in revenues in the first nine months of 2024 versus $24.6 million in the same nine months of 2023, down 37.9% or $13.9 million. The majority of the CGI revenues comes from PNC, and it has been moving its outsourcing to India.

- Any regulatory changes regarding H-1B visas could eventually trickle down to Mastech's pool of potential consultants; approximately 42% of its US consultants held these visas in 2024. Although there has been talk about changes to visa grants for new entries into the US, Mastech sources its workforce from those with the appropriate visas. A greater acceptance of remote working, especially overseas, could decrease this risk.

- The US economy is in stagflation and possibly moving to recession, which could dampen demand, and there is also unrest in the Middle East and Europe.

OWNERSHIP



INCOME STATEMENT

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E				
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	2023	2024	2025E	2026E
Billable consultants	1,125	1,041	992	946	1,004	1,035	1,071	1,008	1,050	1,081	1,071	1,048	946	1,008	1,048	1,100
IT Staffing Services	45,668	43,431	39,741	37,900	38,756	40,658	42,441	40,463	39,000	41,500	42,500	42,500	166,740	162,318	**165,500**	170,000
Yr-to-yr Growth	-8%	-15%	-25%	-21%	-15%	-6%	7%	7%	1%	2%	0%	5%	-21%	-3%	2%	3%
IT Staffing Gross Margin	9,864	9,642	8,902	7,694	8,371	9,595	10,016	9,630	8,970	9,877	10,158	10,200	36,102	37,613	39,205	40,800
Gross Margin %	21.6%	22.2%	22.4%	20.3%	21.6%	23.6%	23.6%	23.8%	23.0%	23.8%	23.9%	24.0%	21.7%	23.2%	23.7%	24.0%
Data & Analytics Services	9,395	8,773	8,038	8,152	8,067	8,876	9,398	10,284	9,000	10,000	11,000	12,000	34,358	36,625	**42,000**	47,040
Yr-to-yr Growth	-7.5%	-22.0%	-20.2%	-10.6%	-14.1%	1.2%	16.9%	26.2%	11.6%	12.7%	17.0%	16.7%	-18.2%	7%	15%	12%
Data & Analytics Gross Margin	3,617	4,000	3,681	3,644	3,743	4,367	4,765	5,091	4,410	5,000	5,610	6,180	14,943	17,965	21,200	23,990
Gross Margin %	38.5%	45.6%	45.8%	44.7%	46.4%	49.2%	50.7%	49.5%	49.0%	50.0%	51.0%	51.5%	43.5%	49.1%	50.5%	51.0%
Revenue	**$55,063**	**$52,204**	**$47,779**	**$46,052**	**$46,823**	**$49,534**	**$51,839**	**$50,747**	**$48,000**	**$51,500**	**$53,500**	**$54,500**	**$201,098**	**$198,943**	**$207,500**	**$217,040**
Yr-to-yr Growth	-7.9%	-16.0%	-24.3%	-19.5%	-15.0%	-5.1%	8.5%	10.2%	2.5%	4.0%	3.2%	7.4%	-20.5%	-1%	4%	5%
Cost of revenue	41,581	38,560	35,213	34,708	34,692	35,554	37,068	36,032	34,620	36,623	37,733	38,120	150,062	143,346	147,096	152,250
Gross profit	13,482	13,644	12,566	11,344	12,131	13,980	14,771	14,715	13,380	14,877	15,768	16,380	51,036	55,597	60,405	64,790
Gross Margin %	24.5%	26.1%	26.3%	24.6%	25.9%	28.2%	28.5%	29.0%	27.9%	28.9%	29.5%	30.1%	25.4%	27.9%	29.1%	29.9%
SG&A	12,950	13,372	12,615	12,974	12,537	12,287	12,332	14,650	13,000	13,200	13,750	13,800	51,911	51,806	53,750	55,996
Impairment of goodwill	0	0	0	5,300	0	0	0	0	0	0	0	0	5,300	0	0	0
Employment-related claim, net	0	3,100	0	0	0	0	0	0	0	0	0	0	3,100	0	0	0
Total operating expenses	12,950	16,472	12,615	18,274	12,537	12,287	12,332	14,650	13,000	13,200	13,750	13,800	60,311	51,806	53,750	55,996
Operating income:	532	(2,828)	(49)	(6,930)	(406)	1,693	2,439	65	380	1,677	2,018	2,580	(9,275)	3,791	6,655	8,794
Operating margin	1.0%	-5.4%	-0.1%	-15.0%	-0.9%	3.4%	4.7%	0.1%	0.8%	3.3%	3.8%	4.7%	-4.6%	1.9%	3.2%	4.1%
Other income:																
Total other income	(53)	50	203	44	124	116	133	260	160	160	160	160	244	633	640	640
Income before income taxes	479	(2,778)	154	(6,886)	(282)	1,809	2,572	325	540	1,837	2,178	2,740	(9,031)	4,424	7,295	9,434
Pretax Margin	0.9%	-5.3%	0.3%	-15.0%	-0.6%	3.7%	5.0%	0.6%	1.1%	3.6%	4.1%	5.0%	-4.5%	2.2%	3.5%	4.3%
Income taxes	218	(605)	29	(1,535)	(121)	418	697	28	151	514	610	767	(1,893)	1,022	2,042	2,594
Tax rate	46%	22%	19%	22%	43%	23%	27%	9%	28%	28%	28%	28%	21%	23%	28%	28%
Net income	261	(2,173)	125	(5,351)	(161)	1,391	1,875	297	389	1,323	1,568	1,973	(7,138)	3,402	5,252	6,840
Yr-over-Yr	-89%	-189%	-95%	-448%	-162%	-164%	1400%	-106%	-341%	-5%	-16%	564%	222.1%	-148%	54%	30%
Stk based compensation	835	842	824	581	550	461	542	647	500	500	500	500	3,082	2,200	2,000	2,400
One-time expenses plus amortization	305	2,622	308	6,096	374	397	352	1,858	700	700	700	700	9,331	2,981	2,800	2,800
Non-GAAP Income	1,401	1,291	1,257	1,326	763	2,249	2,769	2,802	1,589	2,523	2,768	3,173	5,275	8,583	10,052	12,040
Yr-over-Yr	-58%	-64%	-69%	-52%	-46%	74%	120%	111%	108%	12%	0%	13%	-159.5%	63%	17%	20%
Net income per share:																
Primary EPS	0.02	(0.19)	0.01	(0.46)	(0.01)	0.12	0.16	0.03	0.03	0.11	0.13	0.17	(0.61)	0.29	0.45	0.59
Diluted EPS	0.02	(0.18)	0.01	(0.46)	(0.01)	0.12	0.16	0.02	0.03	0.11	0.13	0.16	(0.61)	0.28	0.43	0.57
Diluted Non-GAAP EPS	0.12	0.11	0.11	0.11	0.06	0.19	0.23	0.23	0.13	0.21	0.23	0.26	0.44	0.71	0.82	1.00
	-58%	-63%	-69%	-50%	-45%	75%	119%	101%	103%	10%	-2%	13%	-157.6%	62%	15%	21%
Shares																
Basic	11,638	11,620	11,597	11,598	11,615	11,652	11,695	11,713	11,723	11,723	11,723	11,733	11,613	11,669	11,726	11,500
Yr-over-Yr	1.1%	0.1%	-0.2%	-0.2%	-0.2%	0.3%	0.8%	1.0%	0.9%	0.6%	0.2%	0.2%	0.2%	0%	0%	-2%
Diluted	12,054	11,961	11,968	11,598	11,909	11,922	12,011	12,191	12,191	12,191	12,200	12,200	11,613	12,014	12,196	12,100
Yr-over-Yr	0.2%	-1.2%	-1.0%	-3.9%	-1.2%	-0.3%	0.4%	5.1%	2.4%	2.3%	1.6%	0.1%	-4.0%	3%	2%	-1%

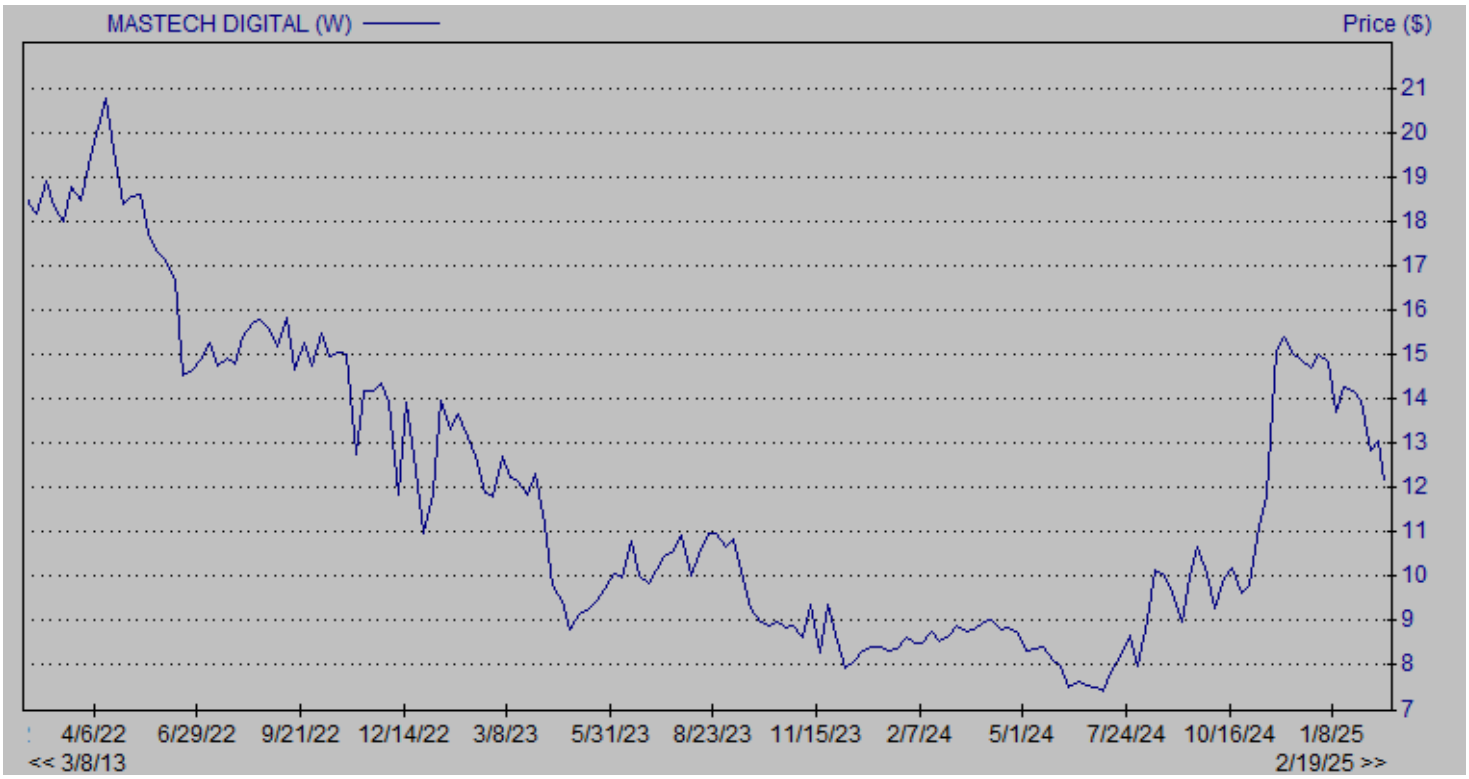
BALANCE SHEET

	Dec 31, 2024	Sept 30, 2024	Qtr-Qtr % Growth	Dec 31, 2023	Yr-Yr % Growth
Current assets:					
Cash and equivalents	**$ 27,742**	**$ 23,885**	16.1%	**$ 21,147**	31.2%
Accounts receivable, net	31,443	34,054	-7.7%	29,815	5.5%
Prepaid expenses & other curr assets	6,360	7,876	-19.2%	5,501	15.6%
Total current assets	65,545	65,815	-0.4%	56,463	16.1%
Equipment, software and leasehold net	1,998	2,083	-4.1%	1,913	4.4%
Deferred income taxes	1,958	607	222.6%	793	146.9%
Right-of-use assets	3,832	4,147	-7.6%	5,106	-25.0%
Deferred financing costs, net	189	213	-11.3%	284	-33.5%
Non-current deposits	444	452	-1.8%	457	-2.8%
Goodwill, net	27,210	27,210	0.0%	27,210	0.0%
Intangible assets, net	10,308	10,958	-5.9%	13,001	-20.7%
Total assets	111,484	111,485	0.0%	105,227	5.9%
Current liabilities:					
Accounts payable	4,683	4,636	1.0%	4,659	0.5%
Accrued payroll and related costs	13,750	14,717	-6.6%	12,354	11.3%
Current portion of operating lease liability	1,265	1,257	0.6%	1,236	2.3%
Other accrued liabilities	879	1,491	-41.0%	1,622	-45.8%
Total current liabilities	20,577	22,101	-6.9%	19,871	3.6%
Lease liability	2,486	2,857	-13.0%	3,843	-35.3%
Long term accrued income taxes	0	0	NA	69	-100.0%
Long term severance liability	987	0	NA	0	NA
Total liabilities	24,050	24,958	-3.6%	23,783	1.1%
Stockholders' equity					
Common stock	135	134	0.7%	133	1.5%
Additional paid-in capital	38,277	37,473	2.1%	35,345	8.3%
Retained earnings	55,817	55,520	0.5%	52,415	6.5%
Accumulated other comp loss	(1,910)	(1,715)	11.4%	(1,644)	16.2%
Treasury stock, at cost	(4,885)	(4,885)	0.0%	(4,805)	1.7%
Total stockholders' equity	87,434	86,527	1.0%	81,444	7.4%
Total liabilities and stockholders' equity	111,484	111,485	0.0%	105,227	5.9%
Current and quick ratio	3.2	3.0	7.0%	2.8	12.1%
Working Capital	44,968	43,714	2.9%	36,592	22.9%
Net cash	27,742	23,885	16.1%	21,147	31.2%
Cash per share	$2.28	$1.99	14.4%	$1.82	24.8%
Debt	0	0	0.0%	0	0.0%

CASH FLOWS

	Year 2020	Year 2021	Year 2022	3 Mo Ended Mar 31, 2023	3 Mo Ended Jun 30, 2023	3 Mo Ended Sep 30, 2023	3 Mo Ended Dec 31, 2023	Year 2023	3 Mo Ended Mar 31, 2024	3 Mo Ended Jun 30, 2024	3 Mo Ended Sep 30, 2024
Cash flows from operating activities:											
Net income	9,861	12,221	8,712	261	(2,173)	125	(5,351)	(7,138)	(161)	1,391	1,875
Adjustments to reconcile net income to net cash provided by operating activities:											
Depreciation and amortization	3,589	3,979	4,195	1,014	1,012	917	912	3,855	898	907	865
Bad debt expense	-	130	50	-	-	-	(30)	(30)	(92)	-	-
Interest amortization of deferred financing costs	284	82	73	18	19	18	18	73	24	24	23
Stock-based compensation	2,021	2,212	2,225	835	842	824	581	3,082	550	461	542
Deferred income taxes, net	(1,821)	1,061	655	(245)	(194)	34	(1,309)	(1,714)	55	77	53
Employment-related claim liability, net	-	-	-	-	3,100	(3,100)	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	5,300	5,300	-	-	-
Reevaluation of contingent consideration liability	-	(2,882)	-	-	-	-	-	-	-	-	-
Loss on disposition of fixed assets	4	9	-	1	-	(1)	1	1	-	1	20
Long term accrued income taxes	(20)	(40)	(20)	-	(36)	-	-	(36)	-	(69)	-
Operating lease assets and liabilities, net	18	173	(379)	12	10	46	7	75	14	5	8
Change in operating assets and liabilities:											
Accounts receivable & unbilled receivables	2,133	(11,389)	1,021	245	9,360	439	2,493	12,537	(2,108)	(628)	(1,411)
Insurance recovery										-	-
Prepaid expenses and other current assets	251	(2,544)	95	452	(1,404)	(1,129)	363	(1,718)	(1,396)	(497)	(506)
Accounts payable	(1,613)	2,365	(479)	210	(307)	467	(184)	186	816	317	(1,151)
Accrued payroll	6,287	(429)	(3,155)	385	(834)	1,641	84	1,276	(371)	(630)	3,378
Other accrued liabilities	91	202	(41)	(262)	554	(615)	75	(248)	407	(409)	(303)
Deferred revenues	146	66	(337)	205	27	(29)	274	477	38	231	(94)
Net cash used by operating activities	21,231	5,216	12,615	3,131	9,976	(2,562)	5,433	15,978	(1,326)	1,181	3,299
Cash flows from Investing activities:											
Acquisition of Amberleaf, net	(9,345)	-	-	-	-	-	-	-	-	-	-
(Payment for) recovery of non-current deposits	9	(199)	17	90	(20)	49	-	119	-	1	-
Capital expenditures	(298)	(1,895)	(835)	(97)	(15)	(101)	(122)	(335)	(278)	(474)	(74)
Proceeds from sale of fixed assets	-	10	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(9,634)	(2,084)	(818)	(7)	(35)	(52)	(122)	(216)	(278)	(473)	(74)
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)	(12,000)	(1,100)	-	-	-	(1,100)	-	-	-
Proceeds from the issuance of common shares	222	301	263	-	150	-	54	204	-	136	-
Payment of deferred financing costs	(246)	(223)	-	-	-	-	(64)	(64)	-	-	-
Purchase of treasury stock	-	-	-	-	(572)	-	(46)	(618)	(80)	-	-
Proceeds from the exericise of stock options	1,330	229	1,323	-	-	-	-	-	-	322	118
Net cash provided by financing activities	(6,714)	(4,093)	(10,414)	(1,100)	(422)	-	(56)	(1,578)	(80)	458	118
Effect of exchange rate changes of cash	(187)	(94)	(948)	16	(2)	(119)	11	(94)	(39)	(3)	(45)
Net change - cash	4,696	(1,055)	435	2,040	9,517	(2,733)	5,266	14,090	(1,723)	1,163	3,298
Cash, beginning of quarter	2,981	7,677	6,622	7,057	9,097	18,614	15,881	7,057	21,147	19,424	20,587
Cash, end of period	7,677	6,622	7,057	9,097	18,614	15,881	21,147	21,147	19,424	20,587	23,885
Supplemental information:											
Interest paid	779	623	324	-	-	-	-	43	-	-	-
Income taxes paid	2,681	3,831	2,164	-	-	-	-	1,356	-	-	-
Cash Flow	13,936	16,945	15,511	1,896	2,580	(1,137)	129	3,468	1,288	2,797	3,386
Free cash flow	13,638	15,050	14,676	1,799	2,565	(1,238)	7	3,133	1,010	2,323	3,312

HISTORICAL STOCK PRICE



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