
**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): **July 27, 2017**

WAYSIDE TECHNOLOGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-26408
(Commission
File Number)

13-3136104
(IRS Employer
Identification No.)

**4 Industrial Way West, Suite 300,
Eatontown New Jersey**
(Address of principal executive offices)

07724
(Zip Code)

732-389-0932
(Registrant's telephone number, including area code)

Not applicable
(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 (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 July 27, 2017, Wayside Technology Group, Inc. issued a press release announcing its financial results for the quarter ended March 31, 2017. A copy of this press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2. of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press Release dated July 27, 2017.](#)

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.

WAYSIDE TECHNOLOGY GROUP, INC.

Date: July 27, 2017

By: /s/ Simon F. Nynens
Name: Simon F. Nynens
Title: Chairman of The Board, President and
Chief Executive Officer



Wayside Technology Group, Inc. Reports 2017 Second Quarter Results
and Declares Quarterly Dividend

Q2 2017:

Revenue: \$103.0 million
Income from operations: \$1.7 million
Net income: \$1.3 million
Diluted earnings per share: \$0.30 per share

Dividend declared - \$0.17 per share

EATONTOWN, NJ, July 27, 2017 – Wayside Technology Group, Inc. (NASDAQ: WSTG) today announced financial results for the second quarter ended June 30, 2017. The results will be discussed in a conference call to be held on Friday, July 28, 2017 at 10:00 a.m. EDT. The dial-in telephone number is (844) 683-0552 and the pass code is “WSTG.” This conference call will be webcast by NASDAQ OMX and can be accessed at Wayside Technology’s website at www.waysidetechology.com/site/content/webcasts.

“We are pleased to report solid financial results. Our Lifeboat Distribution segment continued to deliver year over year sales growth, while our TechXtend division was down as compared to an exceptionally strong quarter last year. We see opportunities for growth in the remainder of this year.” said Simon F. Nynens, Chairman and Chief Executive Officer. “On a year to date basis, our earnings per share are up \$0.04 or 7%.”

Operating Results:

Net sales for the quarter ended June 30, 2017 decreased 2% to \$103.0 million compared to \$105.3 million for the same period in 2016 as growth in our Lifeboat Distribution segment was offset by a decline in TechXtend due to quarterly variability in enterprise account sales. Lifeboat Distribution segment net sales for the quarter ended June 30, 2017 increased 7% to \$95.7 million, compared to \$89.7 million for the same period in 2016. TechXtend segment net sales for the quarter ended June 30, 2017 decreased 53% to \$7.3 million, compared to \$15.6 million for the same period in 2016. The decrease was primarily due to a large enterprise sale of approximately \$7.0 million recorded in the second quarter of 2016 which affects the comparability of results. Sales in our TechXtend segment may vary significantly from quarter to quarter based on the timing of IT spending decisions by our larger customers. Gross profit for the quarter ended June 30, 2017 decreased 6% to \$6.6 million compared to \$7.0 million for the same period in 2016. Lifeboat Distribution segment gross profit for the quarter ended June 30, 2017 increased 1% to \$5.6 million, compared to \$5.5 million in the same period in 2016. TechXtend segment gross profit for the second quarter of 2017 decreased 34% to \$1.0 million, compared to \$1.5 million in 2016.

Gross profit margin (gross profit as a percentage of net sales) for the quarter ended June 30, 2017 decreased by 0.3 percentage points to 6.4%, compared to 6.7% for the same period in 2016. Lifeboat Distribution segment gross profit margin for the quarter ended June 30, 2017 decreased by 0.3 percentage points to

5.9%, compared to 6.2% for the same period last year. TechXtend segment gross profit margin for the quarter ended June 30, 2017 increased 3.8 percentage points to 13.1%, compared to 9.3% for the same period in 2016.

Total selling, general, and administrative (“SG&A”) expenses for the quarter ended June 30, 2017 increased 2% or \$0.1 million over the same quarter last year to \$4.8 million. The increase in general and administrative expenses is primarily due to increased employee related expenses to support our growth. SG&A expenses as a percentage of net sales were 4.7% in 2017 compared to 4.5% in 2016 as a result of the lower TechXtend sales.

Net income for the quarter ended June 30, 2017 decreased 16% to \$1.3 million, compared to \$1.5 million during the same period last year. Diluted earnings per share for the quarter ended June 30, 2017 decreased 12% to \$0.30, compared to \$0.34, for the same period in 2016.

On July 25, 2017, the Board of Directors declared a quarterly dividend of \$0.17 per share of its common stock payable August 18, 2017 to shareholders of record on August 11, 2017.

For the quarter ended June 30, 2017, the Company recorded a provision for income taxes of \$0.6 million.

About Wayside Technology Group, Inc.

Wayside Technology Group, Inc. (NASDAQ: WSTG) was founded in 1982 and is a unified and integrated technology company providing products and solutions for corporate resellers, VARs, and developers as well as business, government and educational entities. The company offers technology products from software publishers and manufacturers including Bit Defender, Bluebeam Software, Dell/Dell Software, erwin, ExaGrid Systems, Flexera Software, Hewlett Packard, Infragistics, Intel Software, Lenovo, Micro Focus, Microsoft, Mindjet, Samsung, SmartBear Software, SolarWinds, Sophos, StorageCraft Technology, Super Micro Computer, Inc., TechSmith, Unitrends, Veeam Software and VMware.

Additional information can be found by visiting www.waysidetechnology.com

The statements in this release concerning the Company’s future prospects are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties could cause actual results to differ materially from those indicated by such forward-looking statements, and include, without limitation, the continued acceptance of the Company’s distribution channel by vendors and customers, the timely availability and acceptance of new products, product mix, market conditions, contribution of key vendor relationships and support programs, as well as factors that affect the software industry in general and other factors. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in our filings with the Securities and Exchange Commission. Except as otherwise required by law, the Company undertakes no obligation to update or revise these forward-looking statements.

–Tables Follow –

Investor Relations Contact:
Michael Vesey, Vice President and Chief Financial Officer
Wayside Technology Group, Inc.
(732) 389-0932
michael.vesey@waysidetechnology.com

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	June 30, 2017	December 31, 2016
	<u>(unaudited)</u>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,729	\$ 13,524
Accounts receivable, net of allowances of \$2,751 and \$2,293, respectively	63,010	83,317
Inventory, net	2,349	2,324
Prepaid expenses and other current assets	<u>1,212</u>	<u>948</u>
Total current assets	76,300	100,113
Equipment and leasehold improvements, net		
Equipment and leasehold improvements, net	1,993	1,937
Accounts receivable long-term	11,969	11,119
Other assets	214	113
Deferred income taxes	<u>444</u>	<u>416</u>
Total assets	<u>\$ 90,920</u>	<u>\$ 113,698</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 53,543	\$ 76,087
Total current liabilities	53,543	76,087
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued, and 4,513,205 and 4,555,434 shares, respectively	53	53
Additional paid-in capital	29,944	30,683
Treasury stock, at cost, 771,295 and 729,066 shares, respectively	(12,963)	(12,029)
Retained earnings	21,568	20,515
Accumulated other comprehensive loss	<u>(1,225)</u>	<u>(1,611)</u>
Total stockholders' equity	37,377	37,611
Total liabilities and stockholders' equity	<u>\$ 90,920</u>	<u>\$ 113,698</u>

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
Revenues				
Lifeboat segment	\$200,157	\$175,999	\$ 95,674	\$ 89,659
TechXtend segment	15,621	22,581	7,308	15,598
Total Revenue	<u>215,778</u>	<u>198,580</u>	<u>102,982</u>	<u>105,257</u>
Cost of sales				
Lifeboat segment	188,702	165,300	90,062	84,112
TechXtend segment	13,745	20,328	6,348	14,145
Total Cost of sales	<u>202,447</u>	<u>185,628</u>	<u>96,410</u>	<u>98,257</u>
Gross Profit	13,331	12,952	6,572	7,000
Operating expenses				
Selling costs	5,165	4,658	2,588	2,336
Share- based compensation	703	839	356	440
Other general and administrative expenses	3,942	3,719	1,898	1,980
Total Selling, general and administrative expenses	<u>9,810</u>	<u>9,216</u>	<u>4,842</u>	<u>4,756</u>
Income from operations	3,521	3,736	1,730	2,244
Interest, net	321	125	173	61
Foreign currency translation	(50)	(3)	(50)	(3)
Income before provision for income taxes	3,792	3,858	1,853	2,302
Provision for income taxes	1,200	1,303	578	775
Net income	<u>\$ 2,592</u>	<u>\$ 2,555</u>	<u>\$ 1,275</u>	<u>\$ 1,527</u>
Income per common share - Basic	<u>\$ 0.60</u>	<u>\$ 0.56</u>	<u>\$ 0.30</u>	<u>\$ 0.34</u>
Income per common share - Diluted	<u>\$ 0.60</u>	<u>\$ 0.56</u>	<u>\$ 0.30</u>	<u>\$ 0.34</u>
Weighted average common shares outstanding - Basic	<u>4,314</u>	<u>4,545</u>	<u>4,285</u>	<u>4,524</u>
Weighted average common shares outstanding - Diluted	<u>4,337</u>	<u>4,557</u>	<u>4,315</u>	<u>4,535</u>