

February 4, 2016



Wayside Technology Group, Inc. Reports 2015 Fourth Quarter & Full Year Results and Declares Quarterly Dividend

SHREWSBURY, NJ -- (Marketwired) -- 02/04/16 -- Wayside Technology Group, Inc. (NASDAQ: WSTG)

| | <u>Q4 2015:</u> | <u>Year 2015:</u> |
|-----------------------------|------------------|-------------------|
| Revenue: | \$99.8 million | \$382.1 million |
| Income from operations: | \$2.4 million | \$8.5 million |
| Net income: | \$1.6 million | \$5.8 million |
| Diluted earnings per share: | \$0.35 per share | \$1.25 per share |

Dividend declared - \$0.17 per share

Wayside Technology Group, Inc. (NASDAQ: WSTG) today announced financial results for the fourth quarter and year ended December 31, 2015. The results will be discussed in a conference call to be held on Friday, February 5, 2016 at 10:00 a.m. EST. The dial-in telephone number is (866) 814-1918 and the pass code is "WSTG." This conference call will be webcast by NASDAQ OMX and can be accessed at Wayside Technology's Web site at www.waysidetechology.com/earnings-call.

Cash and long term receivables amounted to \$31.2 million as compared to \$30.8 million as of December 31, 2014. Cash and long term receivables represented 81% of equity and amounted to \$6.64 per share as of December 31, 2015. Working capital amounted to \$30.6 million, representing 79% of equity as of December 31, 2015.

"2015 was another strong year for Wayside, as sales increased 12% to a record \$382 million. In 2015 we invested heavily in additional sales staff for our Lifeboat division. We continued to execute our strategy of increased market penetration and adding new product lines to our portfolio," said Simon F. Nynens, Chairman and Chief Executive Officer. "We bought back a total of approximately 274,000 shares in 2015 and we still have approximately 458,000 shares of Common Stock available for future repurchase. We will continue to buy back shares according to our 10-b5 Stock Repurchase Plan."

Net sales for the fourth quarter ended December 31, 2015 increased 6% to \$99.8 million compared to \$94.1 million for the same period in 2014. Net sales for the fourth quarter of 2015 for our Lifeboat Distribution segment were \$89.4 million compared to \$83.8 million in the fourth quarter of 2014, representing an increase of 7%. Net sales for the fourth quarter of 2015 for our TechXtend segment were \$10.4 million compared to \$10.3 million in the fourth quarter of 2014.

Net sales for the year ended December 31, 2015 increased 12% to \$382.1 million compared to \$340.8 million in 2014. Net sales for our Lifeboat Distribution segment in 2015 were \$339.7 million compared to \$290.4 million in 2014, representing a 17% increase. Total sales

for the TechXtend segment in 2015 amounted to \$42.4 million, compared to \$50.3 million in 2014, representing a decrease of 16%.

The increases in net sales for the three months and full year ended December 31, 2015, compared to the same periods in 2014, in our Lifeboat Distribution segment were mainly a result of the strengthening of our account penetration and the addition of several key product lines. The decreases in net sales for the year ended December 31, 2015 compared to the same period in 2014 in our TechXtend segment was primarily due to a decrease in extended payment terms sales transactions and large sales transactions in 2015.

Gross profit for the fourth quarter of 2015 was \$6.9 million compared to \$7.0 million for the fourth quarter of 2014 representing a decrease of 1%. Gross profit for our Lifeboat Distribution segment for the fourth quarter of 2015 and 2014 was \$5.7 million. Gross profit for our TechXtend segment for the fourth quarter of 2015 and 2014 was essentially flat at \$1.2 million. Vendor rebates and discounts for the quarter ended December 31, 2015 and December 31, 2014 were \$0.5 million.

Gross profit for the year 2015 was \$26.6 million compared to \$24.8 million in 2014, a 7% increase. Gross profit for our Lifeboat Distribution segment in 2015 was \$21.5 million compared to \$19.2 million in 2014, representing a 12% increase. The increase in gross profit for the Lifeboat Distribution segment was due to increased sales volume. Gross profit for our TechXtend segment in 2015 was \$5.0 million compared to \$5.6 million in 2014, representing a 10% decrease. The decrease in gross profit for the TechXtend segment was the result of decreased sales volume, offset in part by a higher gross margin in 2015 as compared to 2014.

Gross profit margin (gross profit as a percentage of net sales) for 2015 was 7.0% compared to 7.3% in 2014. Gross profit margin for our Lifeboat Distribution segment in 2015 was 6.3% compared to 6.6% in 2014. Gross profit margin for our TechXtend segment in 2015 was 11.9% compared to 11.2% in 2014. The increase in gross profit dollars and the decrease in gross profit margins were primarily caused by the sales growth and product mix within our Lifeboat Distribution segment which carries lower margins than our TechXtend segment.

Total selling, general, and administrative ("SG&A") expenses for the fourth quarter of 2015 were \$4.5 million compared to \$4.2 million for the fourth quarter of 2014. Total SG&A expenses for 2015 were \$18.1 million compared to \$16.5 million in 2014, representing an increase of \$1.6 million or 9.4%. This increase is primarily the result of an increase in employee and employee related expenses to support our growth in our Lifeboat Distribution segment (salaries, commissions, and benefits) in 2015 compared to 2014. SG&A expenses as a percentage of net sales were 4.7% in 2015 compared to 4.8% in 2014.

For the fourth quarter and year ended December 31, 2015, the Company recorded a provision for income taxes of \$0.8 million and \$3.0 million, respectively.

Net income and diluted earnings per share for the fourth quarter of 2015 were \$1.6 million and \$0.35, respectively, compared to \$1.8 million and \$0.39, respectively for the fourth quarter of 2014. Net income and diluted earnings per share for 2015 were \$5.8 million and \$1.25, respectively, compared to \$5.8 million and \$1.23, respectively in 2014.

On February 2, 2016, the Board of Directors declared a quarterly dividend of \$0.17 per share

of its common stock payable February 26, 2016 to shareholders of record on February 16, 2016.

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 Bluebeam Software, CA Technologies, Dell/Dell Software, ExaGrid Systems, Flexera Software, Hewlett Packard, Infragistics, Intel Software, Lenovo, 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 -

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

| | December 31, 2015 | December 31, 2014 |
|---|----------------------|----------------------|
| | (unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 23,823 | \$ 23,124 |
| Accounts receivable, net | 58,965 | 60,782 |
| Inventory, net | 1,954 | 1,491 |
| Prepaid expenses and other current assets | 989 | 933 |
| Deferred income taxes | 260 | 245 |
| Total current assets | <u>85,991</u> | <u>86,575</u> |
| Equipment and leasehold improvements, net | 362 | 412 |
| Accounts receivable long-term | 7,386 | 7,660 |
| Other assets | 82 | 152 |
| Deferred income taxes | 261 | 182 |
| Total assets | <u>\$ 94,082</u> | <u>\$ 94,981</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|-----------|-----------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 55,423 | \$ 55,414 |
| Total current liabilities | 55,423 | 55,414 |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Common stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued, and 4,700,812 and 4,890,756 shares outstanding in 2015 and 2014, respectively | 53 | 53 |
| Additional paid-in capital | 32,540 | 31,013 |
| Treasury stock, at cost, 583,688 and 393,744 shares in 2015 and 2014, respectively | (10,296) | (6,166) |
| Retained earnings | 17,813 | 15,225 |
| Accumulated other comprehensive income (loss) | (1,451) | (558) |
| Total stockholders' equity | 38,659 | 39,567 |
| Total liabilities and stockholders' equity | \$ 94,082 | \$ 94,981 |

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

| | Year ended | | Three months ended | |
|--|--------------|------------|--------------------|-----------|
| | December 31, | | December 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | | (Unaudited) | |
| Revenues | | | | |
| Lifeboat segment | \$ 339,708 | \$ 290,449 | \$ 89,421 | \$ 83,794 |
| TechXtend segment | 42,382 | 50,309 | 10,355 | 10,329 |
| Total Revenue | 382,090 | 340,758 | 99,776 | 94,123 |
| Cost of sales | | | | |
| Lifeboat segment | 318,178 | 271,255 | 83,728 | 78,075 |
| TechXtend segment | 37,339 | 44,693 | 9,137 | 9,091 |
| Total Cost of sales | 355,517 | 315,948 | 92,865 | 87,166 |
| Gross Profit | 26,573 | 24,810 | 6,911 | 6,957 |
| Operating expenses | | | | |
| Selling costs | 9,988 | 8,764 | 2,504 | 2,311 |
| Share-based compensation | 1,213 | 1,305 | 416 | 452 |
| Other general and administrative expenses | 6,862 | 6,444 | 1,610 | 1,457 |
| Total Selling, general and administrative expenses | 18,063 | 16,513 | 4,530 | 4,220 |
| Income from operations | 8,510 | 8,297 | 2,381 | 2,737 |
| Interest income, net | 368 | 472 | 71 | 97 |
| Foreign currency transaction (loss) gain | (20) | (11) | (11) | (3) |
| Income before provision for income taxes | 8,858 | 8,758 | 2,441 | 2,831 |
| Provision for income taxes | 3,028 | 2,998 | 829 | 982 |
| Net income | \$ 5,830 | \$ 5,760 | \$ 1,612 | \$ 1,849 |
| Income per common share - Basic | \$ 1.26 | \$ 1.24 | \$ 0.35 | \$ 0.39 |
| Income per common share - Diluted | \$ 1.25 | \$ 1.23 | \$ 0.35 | \$ 0.39 |
| Weighted average common shares outstanding - Basic | 4,634 | 4,661 | 4,592 | 4,727 |
| Weighted average common shares outstanding - Diluted | 4,653 | 4,702 | 4,598 | 4,752 |

Source: Wayside Technology Group