



November 14, 2017

## TSS, Inc. Reports Third Quarter 2017 Results

ROUND ROCK, Texas, Nov. 14, 2017 (GLOBE NEWSWIRE) -- **TSS, Inc.** (Other OTC:TSSI), a data center and mission critical facilities and technology services company, reported results for its third quarter ended September 30, 2017.

### Third Quarter Highlights:

- | Third quarter 2017 revenue of \$4.9 million compared with \$5.4 million in the third quarter of 2016 and \$4.2 million in the second quarter of 2017.
- | Gross margin of 42% in the third quarter of 2017 compared with 27% in the third quarter of 2016.
- | Reduced selling, general and administrative expenses by \$0.4 million or 20% compared to the third quarter of 2016.
- | Achieved operating income of \$393,000 in the third quarter of 2017 compared to operating income of \$240,000 in the third quarter of 2016 that included a \$910,000 gain from the sale of a portion of our facilities maintenance business.
- | Net income of \$298,000 or \$0.02 per share in the third quarter of 2017 compared to a net income of \$165,000 or \$0.01 per share in the third quarter of 2016.
- | Adjusted EBITDA of \$526,000 compared with Adjusted EBITDA of \$439,000 in the third quarter of 2016 that included a \$910,000 gain from the sale of a portion of our facilities maintenance business.

### Year-to-date Highlights:

- | Year-to-date 2017 revenue of \$13.5 million compared with \$20.1 million in 2016.
- | Gross margin of 42% in 2017 compared with 25% in 2016.
- | Reduced selling, general and administrative expenses by \$1.4 million or 23% compared to the third quarter of 2016.
- | Achieved operating income of \$766,000 in 2017 compared to an operating loss of \$914,000 in 2016.
- | Net income of \$530,000 or \$0.03 per share in 2017 compared to a net loss of \$1.2 million or \$0.07 per share in 2016.
- | Adjusted EBITDA of \$1.2 million in 2017 compared with Adjusted EBITDA loss of \$212,000 in 2016.

"We are very pleased with our results this quarter." said Anthony Angelini, President and Chief Executive Officer of TSS. "We have executed the transition of our business and expect to continue to grow our revenue and improve our profitability as we move forward. Our team is focused and executing for our customers at a very high level."

### Quarterly Conference Call Details

The Company has scheduled a conference call to discuss the third quarter 2017 financial results for Tuesday, November 14, 2017 at 4:30 PM Eastern. To participate on the conference call, please dial 877-691-2551 toll free from the U.S., or 630-691-2747 for international callers. The conference code is 45970234#. Investors may also access a live audio web cast of this conference call under the "events" tab on the investor relations section of the Company's website at <http://ir.totalsitesolutions.com/events.cfm>.

An audio replay of the conference call will be available approximately one hour after the conclusion of the call and will be made available until December 14, 2017. The audio replay can be accessed by dialing 1-888-843-7419 in the U.S. or 630-652-3042 toll free then enter conference ID number 4597 0234#. Additionally, a replay of the webcast will be available on the Company's website approximately two hours after the conclusion of the call and will remain available for 90 calendar days.

### About Non-GAAP Financial Measures

Adjusted EBITDA is a supplemental financial measure not defined under Generally Accepted Accounting Principles (GAAP). We define Adjusted EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization, impairment loss on goodwill and other intangibles, stock-based compensation, and provision for bad debts. We present Adjusted EBITDA because we believe this supplemental measure of operating performance is helpful in comparing our operating results across reporting periods on a consistent basis by excluding non-cash items that may, or could, have a disproportionate positive or negative impact on our results of operations in any particular period. We also use Adjusted EBITDA as a factor in evaluating the performance of certain management personnel when determining incentive

compensation.

Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA, while providing useful information, should not be considered in isolation or as an alternative to net income or cash flows as determined under GAAP. Consistent with Regulation G under the U.S. federal securities laws, Adjusted EBITDA has been reconciled to the nearest GAAP measure, and this reconciliation is located under the heading "Adjusted EBITDA Reconciliation" following the Consolidated Statements of Operations included in this press release.

### About TSS, Inc.

TSS provides a comprehensive suite of services for the planning, design, deployment, maintenance, refresh and take-back of end-user and enterprise systems, including the mission-critical facilities they are housed in. TSS provides a single-source solution for enabling technologies in data centers, operations centers, network facilities, server rooms, security operations centers, communications facilities and the infrastructure systems that are critical to their function. TSS's services consist of technology consulting, design and engineering, project management, systems integration, systems installation and facilities management. For more information, visit [www.totalsitesolutions.com](http://www.totalsitesolutions.com) or call 888-321-4877.

### Forward Looking Statements

This press release may contain "forward-looking statements" -- that is, statements related to future -- not past -- events, plans, and prospects. In this context, forward-looking statements may address matters such as our expected future business and financial performance, and often contain words such as "guidance," "prospects," "expects," "anticipates," "intends," "plans," "believes," "seeks," "should," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Particular uncertainties that could adversely or positively affect the Company's future results include: our independent registered public accounting firm's reports on our 2015 and 2016 financial statements contain an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern; we may not have sufficient resources to fund our business and may need to issue debt or equity to obtain additional funding; our reliance on a significant portion of our revenues from a limited number of customers; risks relating to operating in a highly competitive industry; risks relating to the failure to maintain effective internal control over financial reporting; risks relating to rapid technological, structural, and competitive changes affecting the industries we serve; risks involved in properly managing complex projects; risks relating to the possible cancellation of customer contracts on short notice; risks relating our ability to continue to implement our strategy, including having sufficient financial resources to carry out that strategy; risks relating to our ability to meet all of the terms and conditions of our debt obligations; uncertainty related to current economic conditions and the related impact on demand for our services; and other risks and uncertainties disclosed in our filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2016. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

### Company Contact:

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**TSS, Inc.**  
**Consolidated Balance Sheets**  
**(In thousands except par values)**

	September 30, 2017	December 31, 2016
	(unaudited)	
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 970	\$ 2,152
Contract and other receivables, net	1,988	2,389
Costs and estimated earnings in excess of billings on uncompleted contracts	105	539
Inventories, net	246	59
Prepaid expenses and other current assets	269	252
Total current assets	3,578	5,391
Property and equipment, net	420	544
Goodwill	1,907	1,907
Intangible assets, net	597	704

Other assets	112	30
Total assets	<u>\$ 6,614</u>	<u>\$ 8,576</u>
<i>Liabilities and Stockholders' Equity</i>		
Current Liabilities		
Convertible notes payable, current portion, net	\$ -	\$ 246
Borrowings under receivables factoring agreement	-	737
Accounts payable and accrued expenses	2,758	5,319
Billings in excess of costs and estimated earnings on uncompleted contracts	3,149	2,818
Total current liabilities	<u>5,907</u>	<u>9,120</u>
Convertible notes, less current portion, net	1,411	825
Other liabilities	<u>36</u>	<u>62</u>
Total liabilities	<u>7,354</u>	<u>10,007</u>
Stockholders' Equity (Deficit)		
Preferred stock- \$.0001 par value; 1,000 shares authorized at September 30, 2017 and December 31, 2016; none issued	-	-
Common stock- \$.0001 par value, 49,000 shares authorized at September 30, 2017 and December 31, 2016; 16,316 and 16,370 shares issued at September 30, 2017 and December 31, 2016, respectively	2	2
Additional paid-in capital	68,687	68,522
Treasury stock 759 and 748 shares at cost at September 30, 2017 and December 31, 2016, respectively	(1,533)	(1,532)
Accumulated deficit	<u>(67,896)</u>	<u>(68,423)</u>
Total stockholders' equity (deficit)	<u>(740)</u>	<u>(1,431)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 6,614</u>	<u>\$ 8,576</u>

TSS, Inc.  
Condensed Consolidated Statements of Operations  
(In thousands except per-share values, unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<b>Results of Operations:</b>				
Revenue	\$ 4,898	\$ 5,416	\$ 13,485	\$ 20,120
Cost of revenue, excluding depreciation and amortization	<u>2,818</u>	<u>3,955</u>	<u>7,792</u>	<u>15,186</u>
Gross profit, excluding depreciation and amortization	2,080	1,461	5,693	4,934
Operating expenses:				
Selling, general and administrative	1,578	1,970	4,876	6,299
Depreciation and amortization	109	161	372	459
Gain on sale of business component	-	(910)	(321)	(910)
Total operating costs	<u>1,687</u>	<u>1,221</u>	<u>4,927</u>	<u>5,848</u>
Operating income (loss)	393	240	766	(914)
Interest income (expense), net	(82)	(72)	(233)	(263)
Other income (expense), net	-	(3)	(3)	6
Income (loss) before income taxes	311	165	530	(1,171)
Income tax expense	13	-	3	-
Net income (loss)	<u>\$ 298</u>	<u>\$ 165</u>	<u>\$ 527</u>	<u>\$ (1,171)</u>
<b>Basic and diluted loss per Share:</b>				
Net income (loss) per share	<u>\$ 0.02</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ (0.07)</u>

**TSS, Inc.**  
**Adjusted EBITDA Reconciliation**  
(In thousands, unaudited)

Three Months Ended Sept. 30,		Six Months Ended Sept 30,	
2017	2016	2017	2016

Net income (loss)	\$	298	\$	165	\$	527	\$	(1,171)
Interest income (expense), net		82		72		233		263
Depreciation and amortization		109		161		372		459
Income tax expense		13		8		3		64
EBITDA profit (loss)	\$	502	\$	406	\$	1,135	\$	(385)
Stock based compensation		24		33		61		168
Provision for bad debts		-		-		2		5
Adjusted EBITDA	\$	<b>526</b>	\$	<b>439</b>	\$	<b>1,198</b>	\$	<b>(212)</b>

Source: TSS, Inc.

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