UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 000-26408

Climb Global Solutions, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**13-3136104**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4 Industrial Way West, Suite 300, Eatontown, New Jersey 07724
(Address of principal executive offices)

(732) 389-0932
(Registrant's Telephone Number)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
Common stock, $.01 par value per share	CLMB	The Nasdaq Global Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☒
	Smaller Reporting Company ☐
Non-Accelerated Filer ☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 18,597,200 outstanding shares of common stock, par value $.01 per share ("Common Stock") as of April 30, 2026.

CLIMB GLOBAL SOLUTIONS, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026

Table of Contents

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and are intended to come within the safe harbor protection provided by those sections. The statements, other than statements of historical fact, included in this Quarterly Report are forward-looking statements. Many of the forward-looking statements contained in this Quarterly Report may be identified by the use of forward-looking words such as "believes," "expects," "intends," "anticipates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "in development," "opportunity," "target," "outlook," "maintain," "continue," "goal," "aim," "commit," or similar expressions or when we discuss our future operating results, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, but are not limited to, 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, competitive pricing pressures, the successful integration of acquisitions, contribution of key vendor relationships and support programs, including vendor rebates and discounts, inflation, import and export tariffs, interest rate risk and impact thereof, as well as factors that affect the software industry in general and other factors generally. We strongly urge current and prospective investors to carefully consider the cautionary statements and risk factors contained in this report and our annual report on Form 10-K for the fiscal year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026.

The Company operates in a rapidly changing business, and new risk factors emerge from time to time. Management cannot predict every risk factor, nor can it assess the impact, if any, of all such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements.

Accordingly, forward-looking statements should not be relied upon as a prediction of actual results and readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The statements concerning future sales, future gross profit margin and future selling and administrative expenses are forward looking statements involving certain risks and uncertainties such as availability of products, product mix, pricing pressures, market conditions and other factors, which could result in a fluctuation of sales below recent experience.

Unless otherwise specified, the "Company," "we," "us" or "our" refers to Climb Global Solutions, Inc., a Delaware corporation, and its consolidated subsidiaries.

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Climb Global Solutions, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(Amounts in thousands, except share and per share amounts)

	March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 41,775	$ 36,563
Accounts receivable, net of allowance for expected credit losses of $614 and $669, respectively	306,403	324,345
Inventory, net	4,862	2,502
Prepaid expenses and other current assets	10,494	10,825
Total current assets	363,534	374,235
Equipment and leasehold improvements, net	13,688	13,339
Goodwill	42,016	36,838
Other intangibles, net	36,145	32,228
Right-of-use assets, net	1,539	1,717
Accounts receivable, net of current portion	1,252	1,233
Other assets	526	510
Deferred income tax assets	138	133
Total assets	$ 458,838	$ 460,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 298,360	$ 309,670
Accrued expenses and other current liabilities	31,020	26,835
Lease liability, current portion	770	791
Term loan, current portion	—	191
Total current liabilities	330,150	337,487
Lease liability, net of current portion	1,015	1,216
Deferred income tax liabilities	5,983	4,923
Other non-current liabilities	3,260	28
Total liabilities	340,408	343,654
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.01 par value; 40,000,000 shares authorized; 21,138,000 shares issued: 18,468,068 and 18,442,472 shares outstanding, respectively	53	53
Additional paid-in capital	43,326	42,338
Treasury stock, at cost, 2,669,932 and 2,695,528 shares, respectively	(16,031)	(14,909)
Retained earnings	90,373	87,039
Accumulated other comprehensive income	709	2,058
Total stockholders' equity	118,430	116,579
Total liabilities and stockholders' equity	$ 458,838	$ 460,233

The accompanying notes are an integral part of these condensed consolidated financial statements.

Climb Global Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings
(Unaudited)
(Amounts in thousands, except per share data)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Net sales	$ 182,376	$ 138,044
Cost of sales	155,876	114,648
Gross profit	26,500	23,396
Selling, general, and administrative expenses	20,332	16,755
Acquisition related costs	301	126
Depreciation and amortization expense	1,983	1,737
Income from operations	3,884	4,778
Other income and (expense):		
Interest, net	142	186
Foreign currency transaction gain (loss)	144	(580)
Change in fair value of acquisition contingent consideration	—	(136)
Income before provision for income taxes	4,170	4,248
Provision for income taxes	836	564
Net income	$ 3,334	$ 3,684
Income per common share-Basic	$ 0.18	$ 0.20
Income per common share-Diluted	$ 0.18	$ 0.20
Weighted average common shares outstanding — Basic	18,216	17,988
Weighted average common shares outstanding — Diluted	18,216	17,988

The accompanying notes are an integral part of these condensed consolidated financial statements.

Climb Global Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(Amounts in thousands)

	Three months ended March 31,	
	2026	**2025**
Net income	$ 3,334	$ 3,684
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(1,349)	1,553
Other comprehensive (loss) income	(1,349)	1,553
Comprehensive income	$ 1,985	$ 5,237

The accompanying notes are an integral part of these condensed consolidated financial statements.

Climb Global Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(Amounts in thousands, except share amounts)

	Common Stock		Additional Paid-In	Treasury		Retained	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Shares	Amount	Earnings	Income (Loss)	Total
Balance at January 1, 2026	21,138,000	$ 53	$ 42,338	2,695,528	$ (14,909)	$ 87,039	$ 2,058	$ 116,579
Net income	—	—	—	—	—	3,334	—	3,334
Translation adjustment	—	—	—	—	—	—	(1,349)	(1,349)
Share-based compensation expense	—	—	1,359	—	—	—	—	1,359
Restricted stock unit grants (net of forfeitures)	—	—	(371)	(84,972)	371	—	—	—
Treasury shares repurchased	—	—	—	59,376	(1,493)	—	—	(1,493)
Balance at March 31, 2026	21,138,000	$ 53	$ 43,326	2,669,932	$ (16,031)	$ 90,373	$ 709	$ 118,430

	Common Stock		Additional Paid-In	Treasury		Retained	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Shares	Amount	Earnings	Income (Loss)	Total
Balance at January 1, 2025	21,138,000	$ 53	$ 37,977	2,732,792	$ (13,337)	$ 68,787	$ (2,892)	$ 90,588
Net income	—	—	—	—	—	3,684	—	3,684
Translation adjustment	—	—	—	—	—	—	1,553	1,553
Dividends paid (per common share $0.04)	—	—	—	—	—	(766)	—	(766)
Share-based compensation expense	—	—	1,378	—	—	—	—	1,378
Restricted stock unit grants (net of forfeitures)	—	—	177	40,548	(177)	—	—	—
Treasury shares repurchased	—	—	—	28,440	(883)	—	—	(883)
Balance at March 31, 2025	21,138,000	$ 53	$ 39,532	2,801,780	$ (14,397)	$ 71,705	$ (1,339)	$ 95,554

The accompanying notes are an integral part of these condensed consolidated financial statements.

Climb Global Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash flows from operating activities		
Net income	$ 3,334	$ 3,684
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization expense	1,983	1,737
Provision for doubtful accounts	24	35
Deferred income tax benefit	(134)	(130)
Share-based compensation expense	1,359	1,323
Gain on disposal of fixed assets	—	(5)
Amortization of discount on accounts receivable	(19)	(12)
Amortization of right-of-use assets	164	170
Change in fair value of contingent earn-out consideration	—	136
Changes in operating assets and liabilities:		
Accounts receivable	20,788	103,235
Inventory	(2,425)	171
Prepaid expenses and other current assets	1,510	722
Accounts payable and accrued expenses	(12,768)	(102,524)
Lease liability, net	(206)	(195)
Other assets and liabilities	3,216	110
Net cash and cash equivalents provided by operating activities	16,826	8,457
Cash flows from investing activities		
Purchases of property and equipment	(478)	(729)
Payment for acquisition, net of cash acquired	(8,228)	—
Net cash and cash equivalents used in investing activities	(8,706)	(729)
Cash flows from financing activities		
Purchase of treasury stock	(1,493)	(883)
Borrowings under credit facilities	9,000	—
Repayments of borrowings under credit facilities	(10,079)	—
Repayments of borrowings under term loan	(145)	(138)
Dividends paid	—	(766)
Contingent consideration paid	—	(3,559)
Net cash and cash equivalents used in financing activities	(2,717)	(5,346)
Effect of foreign exchange rate on cash and cash equivalents	(191)	301
Net increase in cash and cash equivalents	5,212	2,683
Cash and cash equivalents at beginning of period	36,563	29,778
Cash and cash equivalents at end of period	$ 41,775	$ 32,461
Supplementary disclosure of cash flow information:		
Income taxes paid	$ 462	$ 384
Interest paid	$ 52	$ 32

The accompanying notes are an integral part of these condensed consolidated financial statements.

Climb Global Solutions, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
March 31, 2026
(Unaudited)
(Amounts in tables in thousands, except share and per share amounts)

1. **Basis of Presentation:**

The accompanying unaudited condensed consolidated financial statements of Climb Global Solutions, Inc. and its subsidiaries (collectively, the "Company"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, as permitted by the rules and regulation of the Securities and Exchange Commission, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete audited financial statements.

The preparation of these condensed consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, income taxes, stock-based compensation, evaluation of performance obligations and allocation of revenue to distinct items, contingencies and litigation. The Company bases its estimates on its historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. In the opinion of the Company's management, all adjustments that are of a normal recurring nature, considered necessary for fair statement of the results for the periods presented, have been included in the accompanying condensed consolidated financial statements. The Company's actual results may differ from these estimates under different assumptions or conditions. The unaudited condensed consolidated statements of earnings for the interim periods are not necessarily indicative of results for the full year. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K filed with the Securities Exchange Commission for the fiscal year ended December 31, 2025.

The consolidated financial statements include the accounts of Climb Global Solutions, Inc. and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

Stock Split

On March 20, 2026, the Company completed a four-for-one forward stock split of the Company's issued common stock (the "Stock Split"). Each shareholder as of the record date of March 16, 2026 received three additional shares of common stock for every share held. References made to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the Stock Split.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current-year presentation.

2. **Recently Issued Accounting Standards:**

In September 2025, the FASB issued ASU No. 2025-06, "*Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*". This ASU amends the guidance under ASC 350-40 for internal-use software. The amendments remove referenced to development-stages, clarify when capitalization may begin, and require entities to apply to property, plant and equipment disclosure requirements under ASC 350-10 to capitalize internal-use software costs. The ASU is effective for annual periods beginning after December 15, 2027, and for interim periods within those annual periods. Early adoption of ASU No. 2025-06 is permitted. The Company has performed an initial assessment and currently does not expect the adoption of ASU No. 2025-06 to have a material effect on its financial position, results of operations or cash flows.

In July 2025, the FASB issued ASU No. 2025-05, "*Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets*". The update amends the guidance in ASC 326-20 to introduce a practical expedient when estimating credit losses that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments apply to current accounts receivable and current contract assets arising from transactions under ASC 606 (Revenue from Contracts with Customers). The amendments are applied prospectively and are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those years. Early adoption of ASU No. 2025- 05 is permitted. The Company has evaluated the impact of ASU No. 2025- 05 on its accounting policies and internal controls related to its credit-customer receivables. The Company has determined that, given (i) the nature of its receivables (primarily receivables from customers on credit terms), (ii) its historical credit-loss experience and collection patterns, and (iii) its allowance methodology, adoption of ASU No. 2025- 05 is not expected to have a material effect on the Company's consolidated financial position.

In November 2024, the FASB issued ASU No. 2024-03, "*Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*". This ASU requires entities to disaggregate expense items in the notes to the financial statements and requires disclosure of specified information related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating the impact of the ASU on its condensed consolidated financial statements and related disclosures. In January 2025, the FASB issued ASU No. 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of ASU No. 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU No. 2024-03 is permitted. The Company is currently evaluating the impact the new accounting standard will have on its expense disclosures in the notes to the consolidated financial statements.

3. **Foreign Currency Translation:**

Assets and liabilities of the Company's foreign subsidiaries have been translated using the end of the reporting period exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the period. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. Foreign currency transaction gains and losses are recorded as income or expenses as amounts are settled. The net sales from our foreign operations for the three months ended March 31, 2026 and 2025 were $33.0 million and $31.0 million, respectively.

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. In cases where the Company is not able to create a natural hedge by maintaining offsetting asset and liability amounts in the same currency, it may enter into foreign exchange contracts, typically in the form of forward purchase agreements, to facilitate the hedging of foreign currency exposures to mitigate the impact of changes in foreign currency exchange rates. These contracts generally have terms of no more than two months. The Company does not apply hedge accounting to these contracts and therefore the changes in fair value are recorded in earnings. The Company does not enter into foreign exchange contracts for trading purposes and the risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the Company minimizes by limiting its counterparties to major financial institutions. The Company recognized an unrealized gain of less than $0.1 million on contracts outstanding during the three months ended March 31, 2026 and 2025, respectively, which is included in foreign currency transaction gain (loss) in the Consolidated Statements of Earnings.

4. **Comprehensive Income:**

Cumulative translation adjustments have been classified within accumulated other comprehensive income (loss), which is a separate component of stockholders' equity in accordance with FASB ASC Topic 220, "Comprehensive Income."

5. **Revenue Recognition:**

The Company's revenues primarily result from the sale of various technology products and services, including third-party products, third-party software and third-party maintenance, software support and services. The Company recognizes revenue when control of the third-party products and third-party software is transferred to customers, which generally happens at the point of shipment or fulfilment and at the point that our customers and vendors accept the terms and conditions of the arrangement for third-party maintenance, software support and services.

The Company has contracts with certain customers where the Company's performance obligation is to arrange for the products or services to be provided by another party. In these arrangements, as the Company assumes an agency relationship in the transaction, revenue is recognized in the amount of the net fee associated with serving as an agent. These arrangements primarily relate to third party maintenance, cloud services and certain security software whose intended functionality is dependent on third party maintenance.

The Company allows its customers to return product for exchange or credit subject to certain limitations. A liability is recorded at the time of sale for estimated product returns based upon historical experience, which is included in accounts payable and accrued expenses on the Consolidated Balance Sheets, and an asset is recognized for the amount expected to be recorded upon product return, which is included in prepaid expenses and other current assets on the Consolidated Balance Sheets. If actual sales returns are greater than estimated by management, an additional returns allowance may be required as an offset to net sales. The Company also provides rebates and other discounts to certain customers which are considered variable consideration. A provision for customer rebates and other discounts is recorded as a reduction of revenue at the time of sale based on an evaluation of the contract terms and historical experience.

The Company considers shipping and handling activities as costs to fulfill the sales of products. Shipping revenue is included in net sales when control of the product is transferred to the customer, and the related shipping and handling costs are included in cost of sales. Taxes imposed by governmental authorities on the Company's revenue producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

The Company disaggregates its operating revenue by segment, geography and timing of revenue recognition, which the Company believes provides a meaningful depiction of the nature of its revenue. For additional information, see Note 17 – Segment Information.

Hardware and software products sold by the Company are generally delivered via shipment from the Company's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. The majority of the Company's business involves shipments directly from its vendors to its customers, in these transactions, the Company is generally responsible for negotiating price both with the vendor and customer, fulfillment of the order, payment to the vendor, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the Company recognizes revenue upon receiving notification from the vendor that the product was shipped. Control of software products is deemed to have passed to the customer when they acquire the right to use or copy the software under license as substantially all product functionality is available to the customer at the time of sale.

The Company performs an analysis of the number of days of sales in-transit to customers at the end of each reporting period based on an analysis of commercial delivery terms that include drop-shipment arrangements. This analysis is the basis upon which the Company estimates the amount of net sales in-transit at the end of the period and adjusts revenue and the related costs to reflect only what has been delivered to the customer. Changes in delivery patterns may result in a different number of business days estimated to make this adjustment. The Company also performs a weighted average analysis of the estimated number of days between order fulfillment and beginning of the renewal term for term licenses recorded on a gross basis, and a deferral estimate is recorded for term license renewals fulfilled prior to commencement date.

Generally, software products are sold with accompanying third-party delivered software assurance, which is a product that allows customers to upgrade, at no additional cost, to the latest technology if new capabilities are introduced during the period that the software assurance is in effect. The Company evaluates whether the software assurance is a separate performance obligation by assessing if the third-party delivered software assurance is critical or essential to the core functionality of the software itself. This involves considering if the software provides its original intended functionality to the customer without the updates, if the customer would ascribe a higher value to the upgrades versus the up-front deliverable, if the customer would expect frequent intelligence updates to the software (such as updates that maintain the original functionality), and if the customer chooses to not delay or always install upgrades. If the Company determines that the accompanying third-party delivered software assurance is critical or essential to the core functionality of the software license, the software license and the accompanying third-party delivered software assurance are recognized as a single performance obligation. The value of the product is primarily the accompanying support delivered by a third party and therefore the Company is acting as an agent in these transactions and recognizes them on a net basis at the point the associated software license is delivered to the customer. The Company sells cloud computing solutions that utilize third-party vendors to enable customers to access data center functionality in a cloud-based solution, including storage, computing and networking and access to software in the cloud that enhances office productivity, provides security or assists in collaboration. The Company recognizes revenue for cloud computing solutions for arrangements with one-time invoicing to the customer at the time of invoice on a net basis as the Company is acting as an agent in the transaction. For monthly subscription-based arrangements, the Company is acting as an agent in the transaction and recognizes revenue as it invoices the customer for its monthly usage on a net basis. For software licenses where the accompanying third-party delivered software assurance is not critical or essential to the core functionality, the software assurance is recognized as a separate performance obligation, with the associated revenue recognized on a gross basis at the point the related software license is delivered to the customer

The Company also sells some of its products and services as part of bundled contract arrangements containing multiple deliverables, which may include a combination of products and services. For each deliverable that represents a distinct performance obligation, total arrangement consideration is allocated based upon the standalone selling prices ("SSP") of each performance obligation. SSP is determined based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through established standard prices, we use judgement and estimate the standalone selling price considering available information such as market pricing and pricing related to similar products.

As of December 31, 2025, there was no balance of deferred revenue. During the three months ended March 31, 2026, no revenue was recognized that was included in the balance of deferred revenue as of December 31, 2025. As of March 31, 2026, the balance of deferred revenue was $12.3 million. The deferred revenue balance of $12.3 million as of March 31, 2026, is comprised of $9.1 million in accrued expenses and other current liabilities and $3.2 million in other non-current liabilities. During the three months ended March 31, 2025, no revenue was recognized that was included in the balance of deferred revenue as of December 31, 2024.

The Company pays commissions and related payroll taxes to sales personnel when customers are invoiced. These costs are recorded as selling, general and administrative expenses in the period earned as all our performance obligations are complete within a short window of processing the order.

6. **Acquisition:**

On February 24, 2026, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") by and among the Company, Infiterra Holding Limited, a company incorporated in Cyprus (the "Seller"), and purchased the entire share capital of Interworks Single Member SA ("Interworks"), a Greek société anonyme, for an aggregate purchase price of approximately €8.0 million (equivalent to $9.4 million USD), adjusted upwards for $3.5 million in net working capital adjustment resulting in a final purchase consideration $13 million. Interworks is a Greece-based cloud distributor serving reseller markets across Southeastern Europe, including Greece, Malta, Cyprus, Bulgaria, and other regional markets, furthering the Company's reach into these geographies. The Purchase Agreement contains customary representations, warranties, covenants and indemnities. The acquisition was funded utilizing cash from the Company's balance sheet.

The financial position and operating results of Interworks is included in the Company's consolidated financial statements from the date of the acquisition. The Company recorded net revenue for Interworks of approximately $0.6 million and net income of approximately $0.1 million during the three months ended March 31, 2026.

The impact of the acquisition's preliminary purchase price allocations on the Company's consolidated balance sheet and the acquisition date fair value of the total consideration transferred is depicted in the table below. Due to the timing of the closing of the transaction in the first quarter of 2026, the Company has not yet completed its evaluation and determination of certain assets acquired and liabilities assumed, primarily the final valuation of goodwill and intangible assets; therefore, the final fair value of the assets acquired and liabilities assumed, which will be completed within the measurement period of up to one year from the acquisition date, may vary from the Company's preliminary estimates:

(in thousands)		
Cash	$	4,746
Accounts receivable		4,328
Prepaid expenses and other current assets		1,285
Equipment and leasehold improvements, net		398
Other assets		15
Accounts payable and accrued expenses		(6,378)
Other current liabilities		(697)
Non-current liabilities		(1,148)
Deferred tax liability		(1,299)
Intangibles - vendor relationships		5,906
Goodwill		5,818
Net assets	**$**	**12,974**

(in thousands)		
Supplementary information:		
Cash paid to sellers	$	12,974
Cash acquired in acquisition		(4,746)
Total purchase consideration	**$**	**8,228**

Intangible assets are comprised of approximately $5.9 million of vendor relationships with a weighted average amortization period of 11 years, representing the expected period of benefits. Goodwill, which was allocated to the Distribution segment, is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce. Goodwill recognized as a result of the acquisition is not deductible for income tax purposes.

The Company used the income approach to value the intangible assets, representing acquired vendor relationships. Inputs used to value these intangible assets include the discount rate, projection of all future cash flows, long-term growth rates, vendor attrition rates and applicable income tax rates.

Non-current liabilities are comprised of approximately $1.1 million of loans and credit facilities that were subsequently repaid in full following the acquisition closing and there were no outstanding balances as of March 31, 2026.

Pro Forma Results (unaudited)

The following unaudited pro forma financial information summarizes the results of operations for the three months ended March 31, 2026 and 2025 as if the acquisition of Interworks had been completed as of the beginning of the three months ended March 31, 2026 and 2025, respectively. The pro forma results are based upon certain assumptions and estimates, and they give effect to actual operating results prior to the acquisitions and adjustments to reflect income taxes at a rate consistent with the tax rates of the local jurisdictions. As a result, these pro forma results do not necessarily represent results that would have occurred if the acquisitions had taken place on the basis assumed above, nor are they indicative of the results of future combined periods.

	Three months ended March 31,	
	2026	**2025**
Net sales	$ 183,137	$ 138,826
Net income	$ 3,407	$ 3,642

7. **Goodwill and Other Intangible Assets:**

The following table summarizes the changes in the carrying amount of goodwill for the three months ended March 31, 2026:

	Distribution	Solutions	Consolidated
Balance December 31, 2025	$ 27,829	$ 9,009	$ 36,838
Goodwill acquired	$ 5,818	$ —	5,818
Translation adjustments	(480)	(160)	(640)
Balance March 31, 2026	$ 33,167	$ 8,849	$ 42,016

Information related to the Company's other intangibles, net is as follows:

	As of March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer and vendor relationships	$ 51,273	$ 15,452	$ 35,821
Trade name	507	183	324
Total	$ 51,780	$ 15,635	$ 36,145

	As of December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer and vendor relationships	$ 46,084	$ 14,195	$ 31,889
Trade name	517	178	339
Total	$ 46,601	$ 14,373	$ 32,228

Customer relationships are amortized over thirteen years. Vendor relationships are amortized between eight and fifteen years. Trade name is amortized over fifteen years.

During the three months ended March 31, 2026 and 2025, the Company recognized total amortization expense for other intangibles, net of $1.5 million and $1.3 million, respectively.

Estimated future amortization expense of the Company's other intangibles, net as of March 31, 2026 is as follows:

2026 (excluding the three months ended March 31, 2026)	$ 5,088
2027	4,704
2028	4,444
2029	4,183
2030	4,183
Thereafter	13,543
Total	$ 36,145

8. **Right-of-use Asset and Lease Liability:**

The Company has entered into operating leases for office and warehouse facilities, which have terms at lease commencement that range from 1 year to 11 years. The Company determines if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and lease expense for these leases is recognized on a straight-line basis over the lease term.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date of the lease based on the present value of the lease payments over the lease term. As our leases do not provide a readily determinable implicit rate, we use an incremental borrowing rate based on the information available at commencement date, including lease term, in determining the present value of future payments. The operating lease asset also includes any lease payments made and excludes lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term and included in selling, general and administrative expenses.

Information related to the Company's ROU assets and related lease liabilities are as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash paid for operating lease liabilities	$ 247	$ 228
Right-of-use assets obtained in exchange for new operating lease obligations	$ —	$ —
Weighted-average remaining lease term (years)	4.9	3.3
Weighted-average discount rate	6.6%	5.7%

Maturities of lease liabilities as of March 31, 2026 were as follows:

2026 (excluding the three months ended March 31, 2026)	$ 718
2027	555
2028	336
2029	313
2030	87
Thereafter	315
	2,324
Less: imputed interest	(539)
Total lease liabilities	$ 1,785
Lease liabilities, current portion	770
Lease liabilities, net of current portion	1,015
Total lease liabilities	$ 1,785

9. **Fair Value:**

The carrying amounts of financial instruments, including cash and cash equivalents, short-term accounts receivable, accounts payable and term loan approximated fair value at March 31, 2026 and December 31, 2025 because of the relative short maturity of these instruments. The Company's accounts receivable long-term are discounted to their present value at prevailing market rates at the time of sale.

10. **Balance Sheet Detail:**

Equipment and leasehold improvements consist of the following:

	March 31, 2026	December 31, 2025
Equipment	$ 3,731	$ 3,144
Capitalized software	13,691	13,468
Buildings	739	755
Leasehold improvements	2,441	2,458
	20,602	19,825
Less accumulated depreciation and amortization	(6,914)	(6,486)
	$ 13,688	$ 13,339

During the three months ended March 31, 2026 and 2025, the Company recorded depreciation and amortization expense of $0.5 million and $0.4 million, respectively.

In limited circumstances, the Company offers extended payment terms to customers for periods of 12 to 36 months. The related customer receivables are classified as accounts receivable long-term and discounted to their present value at prevailing market rates at the time of sale. In subsequent periods, the accounts receivable is increased to the amounts due and payable by the customers through the accretion of interest income on the unpaid accounts receivable due in future years. The amounts under these long-term accounts receivable due within one year are reclassified to the current portion of accounts receivable. Accounts receivable long term, net consists of the following:

	March 31, 2026	December 31, 2025
Total amount due from customer	$ 2,605	$ 3,039
Less: unamortized discount	(131)	(150)
Less: current portion included in accounts receivable	(1,222)	(1,656)
	$ 1,252	$ 1,233

The undiscounted cash flows to be received by the Company relating to these accounts receivable long-term is expected to be $1.3 million, $0.9 million and $0.4 million, respectively, during each of the 12-month periods ending March 31, 2026, 2027 and 2028.

11. **Credit Facility:**

On May 18, 2023, the Company entered into a revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPM"), providing for a revolving credit facility of up to $50.0 million, including the issuance of letters of credit and swingline loans not to exceed $2.5 million and $5.0 million, respectively, at any time outstanding. In addition, subject to certain conditions enumerated in the Credit Agreement, the Company has the right to increase the revolving credit facility by a total amount not to exceed $20.0 million. The proceeds of the revolving loans, letters of credit and swingline loans under the Credit Agreement may be used for working capital needs, general corporate purposes and for acquisitions permitted by the terms of the Credit Agreement.

All outstanding loans issued pursuant to the Credit Agreement become due and payable, on May 18, 2028. During the three months ended March 31, 2026, borrowing under the Credit Agreement bore interest at a rate of 7.25% per annum. There were no amounts outstanding under the Credit Agreement as of March 31, 2026 and December 31, 2025.

Outstanding Loans comprising (i) ABR Borrowings bear interest at the ABR plus the Applicable Rate, (ii) Term Benchmark Borrowings bear interest at the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate, as applicable, plus the Applicable Rate and (iii) RFR Loans bear interest at a rate per annum equal to the applicable Adjusted Daily Simple RFR plus the Applicable Rate. The Applicable Rate for borrowings varies (i) in the case of ABR Borrowings, from 0.50% to 0.75% and (ii) in the case of Term Benchmark Borrowings and RFR Loans, from 1.50% to 1.75%. Capitalized terms used in this paragraph are defined in the Credit Agreement.

The Credit Agreement contains customary affirmative covenants, such as financial statement and collateral reporting requirements. The Credit Agreement also contains customary negative covenants that limit the ability of the Company to, among other things, incur indebtedness, create liens or permit encumbrances, or undergo certain fundamental changes. Additionally, under certain circumstances, the Company is required to maintain a minimum fixed charge coverage ratio.

On April 8, 2022, the Company entered into a $2.1 million term loan (the “Term Loan”) with First American Commercial Bancorp, Inc. (“First American”) pursuant to a Master Loan and Security Agreement. The proceeds from the Term Loan were used to fund certain capital expenditures. The borrowing under the Term Loan bears interest at a rate of 3.73% per annum and is being repaid over forty-eight monthly installments of principal and interest through March 2026.

At March 31, 2026, there were no amounts outstanding under the Term Loan and there are no future principal payments. At December 31, 2025, the Company had $0.2 million outstanding under the Term Loan.

12. **Earnings Per Share:**

Our basic and diluted earnings per share are computed using the two-class method in accordance with ASC 260. The two-class method is an earnings allocation that determines net income per share for each class of common stock and participating securities according to their participation rights in dividends and undistributed earnings or losses. Non-vested restricted stock awards that include non-forfeitable rights to dividends are considered participating securities. Per share amounts are computed by dividing net income available to common shareholders by the weighted average shares outstanding during each period. Diluted and basic earnings per share are the same because the restricted shares are the only potentially dilutive security.

A reconciliation of the numerators and denominators of the basic and diluted per share, as adjusted for the Stock Split, computations follows:

	Three months ended March 31,	
	2026	**2025**
Numerator:		
Net income	$ 3,334	$ 3,684
Less distributed and undistributed income allocated to participating securities	—	61
Net income attributable to common shareholders	3,334	3,623
Denominator:		
Weighted average common shares (Basic)	18,216	17,988
Weighted average common shares including assumed conversions (Diluted)	18,216	17,988
Basic net income per share	$ 0.18	$ 0.20
Diluted net income per share	$ 0.18	$ 0.20

13. **Major Customers and Vendors:**

The Company had no major vendors during the three months ended March 31, 2026, compared to one major vendor that accounted for 13% of total purchases during the three months ended March 31, 2025.

The Company had two major customers that accounted for 26% and 17%, respectively, of its net sales during the three months ended March 31, 2026, and 26% and 13%, respectively, of its net sales during the three months ended March 31, 2025. These same customers, respectively, accounted for 13% and 15% of total net accounts receivable as of March 31, 2026, and 1% and 15% of total net accounts receivable as of December 31, 2025.

14. **Income Taxes:**

The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as operating expenses. The Company believes that it has appropriate support for the income tax positions it takes and expects to take on its tax returns, and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter.

During the three months ended March 31, 2026 and 2025, the Company recorded a provision for income taxes of $0.8 million and $0.6 million, respectively. The effective tax rate for the three months ended March 31, 2026 and 2025 was 20.1% and 13.3%, respectively. The change in effective tax rate for the three months ended March 31, 2026, compared to the same period in the prior year was primarily impacted by changes in the mix of jurisdictions in which taxable income was earned, as well as a discrete item for the recognition of excess tax benefits related to share-based compensation in income tax expense, and limitations on the deductibility of certain executive compensation amounts during both periods. During the three months ended March 31, 2026, the recognition of excess tax benefit related to share-based compensation in income tax expense resulted in a net tax benefit of $0.4 million, which reduced our effective tax rate by 10.5%. During the three months ended March 31, 2025, the recognition of excess tax benefit related to share-based compensation in income tax expense resulted in a net tax benefit of $0.5 million, which reduced our effective tax rate by 10.7%.

15. **Stockholders' Equity and Stock Based Compensation:**

The 2021 Omnibus Incentive Plan (the "2021 Plan") authorizes the grant of Stock Options, Restricted Stock Units, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Bonuses and other equity-based awards. The 2021 Plan was approved by the Company's stockholders at the 2021 Annual Meeting in June 2021. The total number of shares of the Company's common stock, par value $0.01 per share ("Common Stock") initially available for award under the 2021 Plan was 2,000,000 shares, as adjusted for the Stock Split. As of March 31, 2026, the number of shares of Common Stock available for future award grants to employees, officers and directors under the 2021 Plan is 356,540, as adjusted for the Stock Split.

During the three months ended March 31, 2026, the Company granted a total of 88,748 Restricted Stock Units to officers. During the three months ended March 31, 2026, a total of 3,776 Restricted Stock Units were forfeited.

During the three months ended March 31, 2025, the Company granted a total of 7,624 Restricted Stock Units to an officer. During the three months ended March 31, 2025, a total of 48,172 Restricted Stock Units were forfeited.

A summary of nonvested Restricted Stock Unit awards, as adjusted for the Stock Split, outstanding under the 2021 Plan as of March 31, 2026, and changes during the three months then ended is as follows:

	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at January 1, 2026	272,132	$ 18.47
Granted in 2026	88,748	12.93
Vested in 2026	(162,832)	14.34
Forfeited in 2026	(3,776)	21.24
Nonvested shares at March 31, 2026	194,272	$ 19.35

As of March 31, 2026, there is approximately $3.3 million of total unrecognized compensation costs related to nonvested share-based compensation arrangements. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.7 years.

During the three months ended March 31, 2026 and 2025, the Company recognized share-based compensation expense of $1.4 million and $1.3 million, respectively.

16. Commitments and Contingencies

Severance Plan

The Board of Directors of the Company previously approved the Climb Global Solutions, Inc. Executive Severance and Change in Control Plan (the “Severance Plan”), which supersedes and replaces all other severance arrangements between the Company and its executive officers, which previously had been governed by separate legacy employment agreements and offer letters. The Severance Plan provides severance benefits upon a qualifying termination of employment (“Covered Termination”) of an executive officer. The Severance Plan provides for three tiers of severance benefits in the event of a Covered Termination based on the executive’s seniority and position, including payment of 6-18 months of base salary, a pro rata payment of such executive’s bonus for the year in which the Covered Termination occurred, and a COBRA subsidy during the severance period. In the event the Covered Termination in connection with a change of control, the Severance Plan provides for increased severance benefits, including payment of 18-24 months of base salary, payment of such executive’s target bonus for the year in which the Covered Termination occurred, double trigger vesting acceleration of equity awards, and a COBRA subsidy during the severance period.

Other

As of March 31, 2026, the Company has no standby letters of credit, has no standby repurchase obligations or other commercial commitments. The Company has a line of credit see Note 11 (Credit Facility). Other than employment agreements and management compensation arrangements, the Company is not engaged in any other transactions with related parties.

17. Segment Information:

The Company distributes software developed by others through resellers indirectly to customers worldwide. We also resell computer software and hardware developed by others and provide technical services directly to customers worldwide.

FASB ASC Topic *280,* “Segment Reporting,” requires that public companies report profits and losses and certain other information on their “reportable operating segments” in their annual and interim financial statements. The internal organization used by the public company’s Chief Operating Decision Maker (“CODM”) to assess performance and allocate resources determines the basis for reportable operating segments. The Company’s Chief Executive Officer, who has been identified as the Company’s CODM, evaluates the performance of both reportable segments based on segment income. Net sales, gross profit, and operating expenses are also monitored closely. This information is used to measure segment profitability, allocate resources, and make budgeting and forecasting decisions about the reportable segments. The CODM also uses these measures to monitor trends in year over year performance comparisons, sequential quarter performance comparisons, and to compare actual results to forecasts. More disaggregated information about operating expense is only reviewed by the CODM on a consolidated basis. Segment income represents net sales less costs of sales, excluding depreciation and amortization expense and operating expenses. Net sales and cost of sales, excluding depreciation and amortization expense are directly attributed to each segment. The majority of operating expenses are also directly attributed to each segment, while certain other operating expenses are allocated to the segments in a reasonable manner considering the specific facts and circumstances of the expenses being allocated.

The Company is organized into two reportable operating segments. The “Distribution” segment distributes technical software to corporate resellers, VARs, consultants and systems integrators worldwide. The “Solutions” segment is a provider of cloud solutions and value-added reseller of software, hardware and services to customers worldwide. The Company's reportable segments are based on products and services delivered, and the Company's CODM decides how to assess performance and allocate resources based on segment.

Segment income is based on segment revenue less the respective segment's cost of revenues as well as segment direct costs (including such items as payroll costs and payroll related costs, such as profit sharing, incentive awards and insurance) and excluding general and administrative expenses not attributed to an individual segment business unit. The Company only identifies accounts receivable, vendor prepayments, inventory, goodwill and intangible assets by segment as shown below as "Selected Assets" by segment; it does not allocate its other assets, including capital expenditures by segment. The following segment reporting information of the Company is provided:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Net Sales:		
Distribution	$ 177,102	$ 132,162
Solutions	5,274	5,882
	182,376	138,044
Cost of Sales:		
Distribution	$ 153,746	$ 111,764
Solutions	2,130	2,884
	155,876	114,648
Direct Costs:		
Distribution	$ 12,836	$ 9,462
Solutions	1,619	1,470
	14,455	10,932
Segment Income: (1)		
Distribution	$ 10,520	$ 10,936
Solutions	1,525	1,528
Segment Income	12,045	12,464
General and administrative	$ 5,877	$ 5,823
Acquisition related costs	301	126
Depreciation and amortization expense	1,983	1,737
Interest, net	142	186
Foreign currency transaction gain (loss)	144	(580)
Change in fair value of acquisition contingent consideration	—	(136)
Income before taxes	$ 4,170	$ 4,248

(1) Excludes general corporate expenses including acquisition related costs, amortization and depreciation expense, interest, foreign currency transaction (loss) gain, and change in fair value of acquisition contingent consideration.

Selected Assets by Segment:	As of March 31, 2026	As of December 31, 2025
Distribution	$ 369,142	$ 375,024
Solutions	21,537	22,124
Segment Select Assets	390,679	397,148
Corporate Assets	68,159	63,085
Total Assets	$ 458,838	$ 460,233

Geographic areas and net sales mix related to operations for the three months ended March 31, 2026 and 2025 were as follows. Revenue is allocated to a geographic area based on the location of the sale, which is generally the customer's country of domicile.

	Three months ended March 31, 2026		
	Distribution	Solutions	Total
Geography			
USA	$ 147,826	$ 1,542	$ 149,368
United Kingdom	12,069	3,472	15,541
Europe	5,283	70	5,353
Canada	11,924	190	12,114
Total net sales	$ 177,102	$ 5,274	$ 182,376
Timing of Revenue Recognition			
Transferred at a point in time where the Company is principal (1)	$ 168,106	$ 3,550	$ 171,656
Transferred at a point in time where the Company is agent (2)	8,996	1,724	10,720
Total net sales	$ 177,102	$ 5,274	$ 182,376

	Three months ended March 31, 2025		
	Distribution	Solutions	Total
Geography			
USA	$ 105,088	$ 1,954	$ 107,042
United Kingdom	13,836	3,707	17,543
Europe	4,758	72	4,830
Canada	8,480	149	8,629
Total net sales	$ 132,162	$ 5,882	$ 138,044
Timing of Revenue Recognition			
Transferred at a point in time where the Company is principal (1)	$ 118,988	$ 4,299	$ 123,287
Transferred at a point in time where the Company is agent (2)	13,174	1,583	14,757
Total net sales	$ 132,162	$ 5,882	$ 138,044

(1) Includes net sales from third-party hardware and software products.

(2) Includes net sales from third-party maintenance, software support and services.

Geographic identifiable assets related to operations as of March 31, 2026 and December 31, 2025 were as follows.

Identifiable Assets by Geographic Areas	March 31, 2026	December 31, 2025
USA	$ 281,657	$ 266,238
United Kingdom	$ 86,184	$ 125,191
Europe	49,125	37,031
Canada	41,872	31,773
Total	$ 458,838	$ 460,233

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This following information should be read in conjunction with the consolidated financial statements and the notes included in Item 1 of Part I of this Quarterly Report and the audited consolidated financial statements and notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in the Company's Annual Report on Form 10-K filed with the SEC on for the fiscal year ended December 31, 2025. In addition to historical information, the following discussion contains certain forward-looking information. See "Cautionary Note Regarding Forward-Looking Statements" above for certain information concerning -forward-looking statements.

Overview

Our Company is a value added IT distribution and solutions company, primarily selling software and other third-party IT products and services through two reportable operating segments. Through our "Distribution" segment we sell products and services to corporate resellers, VARs, consultants and systems integrators worldwide, who in turn sell these products to end users. Through our "Solutions" segment we act as a cloud solutions provider and value-added reseller, selling computer software and hardware developed by others and provide technical services directly to end user customers worldwide. We offer an extensive line of products from leading software vendors and tools for virtualization/cloud computing, security, networking, storage and infrastructure management, application lifecycle management and other technically sophisticated domains as well as computer hardware. We market these products through creative marketing communications, including our web sites, local seminars, webinars, social media, direct e-mail, and printed materials.

We have subsidiaries in the United States, Canada, Netherlands, United Kingdom, Ireland, Germany, and Greece through which sales are made.

Factors Influencing Our Financial Results

We derive most of our net sales through the sale of third-party software licenses, maintenance and service agreements. In our Distribution segment, sales are impacted by the number of product lines we distribute, and sales penetration of those products into the reseller channel, product lifecycle competition, and demand characteristics of the products which we are authorized to distribute. In our Solutions segment, sales are generally driven by sales force effectiveness and success in providing superior customer service and cloud solutions support, competitive pricing, and flexible payment solutions to our customers. Our sales are also impacted by external factors such as levels of IT spending and customer demand for products we distribute.

We sell in a competitive environment where gross product margins have historically declined due to competition and changes in product mix towards products where no delivery of a physical product is required. In addition, we grant discounts, allowances, and rebates to certain customers, which may vary from period to period, based on volume, payment terms and other criteria. To date, we have been able to implement cost efficiencies such as the use of drop shipments, electronic digital interchange and other capabilities to be able to operate our business profitably as gross margins have declined. We evaluate the profitability of our business based on return on equity and effective margin (see discussions below).

Gross profit is calculated as net sales less cost of sales. We record customer rebates, discounts and returns as a component of net sales and record vendor rebates, discounts and returns as a component of cost of sales.

Selling, general and administrative expenses are comprised mainly of employee salaries, commissions and other employee related expenses, facility costs, costs to maintain our IT infrastructure, public company compliance costs and professional fees. We monitor our level of accounts payable, inventory turnover and accounts receivable turnover which are measures of how efficiently we utilize capital in our business.

The Company's sales, gross profit and results of operations have fluctuated and are expected to continue to fluctuate on a quarterly basis as a result of a number of factors, including but not limited to: the condition of the software industry in general, shifts in demand for software products, pricing, industry shipments of new software products or upgrades, fluctuations in merchandise returns, adverse weather conditions that affect response, distribution or shipping, import and export tariffs, shifts in the timing of holidays and changes in the Company's product offerings. The Company's operating expenditures are based on sales forecasts. If sales do not meet expectations in any given quarter, operating results may be materially adversely affected.

Dividend Policy and Share Repurchase Program. Historically we have sought to return value to investors through the payment of quarterly dividends and share repurchases. Total dividends paid and the dollar value of the shares repurchased were $0.0 million and $1.5 million, for the three months ended March 31, 2026 and 2025, respectively, and $0.8 million and $0.9 million, for the three months ended March 31, 2025, respectively. Following the end of fiscal year 2025, our Board of Directors determined to suspend quarterly cash dividends on our Common Stock beginning with the first quarter of 2026 in order to preserve financial flexibility and prioritize capital allocation objectives. The payment of future dividends and any share repurchases will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, capital requirements, contractual restrictions and other factors the Board of Directors deems relevant.

Stock Volatility. The technology, distribution and services sectors of the United States stock markets is subject to substantial volatility. Numerous conditions which impact these sectors or the stock market in general or the Company in particular, whether or not such events relate to or reflect upon the Company's operating performance, could adversely affect the market price of the Company's Common Stock. Furthermore, fluctuations in the Company's operating results, announcements regarding litigation, the loss of a significant vendor partner or customer, increased competition, reduced vendor incentives and trade credit, higher operating expenses, and other developments, could have a significant impact on the market price of our Common Stock.

Inflation. We have historically not been adversely affected by inflation, as abrupt changes in technology, rapid changes in customer preferences, short product life cycles and evolving industry standards within the IT industry have generally caused the prices of the products we sell to decline. This requires us to sell new products and have growth in unit sales of existing products in order to increase our net sales. We believe that most price increases could be passed on to our customers, as prices charged by us are not set by long-term contracts; however, as a result of competitive pressure, there can be no assurance that the full effect of any such price increases could be passed on to our customers or cause a reduction in our customers spending.

Financial Overview

Net sales increased 32%, or $44.4 million, to $182.4 million for the three months ended March 31, 2026 compared to $138.0 million for the same period in the prior year. Gross profit increased 13%, or $3.1 million, to $26.5 million for the three months ended March 31, 2026, compared to $23.4 million for the same period in the prior year. Selling, general and administrative ("SG&A") expenses increased 21%, or $3.5 million, to $20.3 million for the three months ended March 31, 2026 compared to $16.8 million for the same period in the prior year. Depreciation and amortization expense increased 18%, or $0.3 million, to $2.0 million for the three months ended March 31, 2026 compared to $1.7 million for the same period in the prior year. Net income decreased 10%, or $0.4 million, to $3.3 million for the three months ended March 31, 2026 compared to $3.7 million for the same period in the prior year. Diluted income per share decreased 10%, or $0.02 to $0.18 for the three months ended March 31, 2026 compared to $0.20 for the same period in the prior year.

Critical Accounting Policies and Estimates

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements that have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, income taxes, stock-based compensation, contingencies and litigation.

The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company believes the following critical accounting policies used in the preparation of its consolidated financial statements affect its more significant judgments and estimates.

Revenue

The Company utilizes judgment regarding performance obligations inherent in the products for services it sells including, whether ongoing maintenance obligations performed by third party vendors are distinct from the related software licenses, and allocation of sales prices among distinct performance obligations. These estimates require significant judgment to determine whether the software's functionality is dependent on ongoing maintenance or if substantially all functionality is available in the original software download. We also use judgment in the allocation of sales proceeds among performance obligations, utilizing observable data such as stand-alone selling prices, or market pricing for similar products and services.

Allowances for Expected Credit Losses

The Company maintains allowances for expected credit losses for estimated losses resulting from the inability of its customers to make required payments. Management determines the estimate of the allowance for expected credit losses by considering a number of factors, including historical experience, aging of the accounts receivable, as well as current market conditions and future forecasts of our customers' ability to make payments for goods and services.

Business Combinations

We apply the provisions of ASC 805, Business Combinations ("ASC 805"), in accounting for our acquisitions. ASC 805 requires that we evaluate whether a transaction pertains to an acquisition of assets, or to an acquisition of a business. A business is defined as an integrated set of assets and activities that is capable of being conducted and managed for the purpose of providing a return to investors. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets and liabilities assumed on a relative fair value basis; whereas the acquisition of a business requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Our valuation of acquired assets and assumed liabilities requires estimates, especially with respect to intangible assets that was derived using valuation techniques and models such as the income approach. Such models require use of estimates including discount rates, and future expected revenue. The approach to estimating an initial contingent consideration associated with the purchase price also uses similar unobservable factors such as projected cash flows over the term of the contingent earn-out period, discounted for the period over which the initial contingent consideration is measured and expected volatility. Based upon these assumptions, the initial contingent consideration is then valued using a Monte Carlo simulation.

We have used third-party qualified specialists to assist management in determining the fair value of assets acquired and liabilities assumed. This includes assistance with the determination of economic useful lives and valuation of identifiable intangibles.

We estimate the fair value based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from our estimates. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. As a result, during the measurement period, which may be up to one year from the business acquisition date, we record certain adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

All acquisition-related costs are accounted for as expenses in the period in which they are incurred. Contingent consideration is remeasured each reporting period using Level 3 inputs, and the change in fair value, including accretion for the passage of time, is recognized in change in fair value of acquisition contingent consideration in the consolidated statement of earnings.

Goodwill

We test goodwill for impairment on an annual basis and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performs an evaluation of goodwill, utilizing either a qualitative or quantitative impairment test. The annual test for impairment is conducted as of October 1. The Company's reporting units included in the assessment of potential goodwill impairment are the same as its operating segments. Goodwill is not amortized but is subject to periodic testing for impairment at the reporting unit level.

In a qualitative assessment, we assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is unnecessary.

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform the quantitative goodwill impairment test. We may also elect the unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test.

In the quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. Conversely, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including net sales growth rates, gross profit margins, operating margins, discount rates and future market conditions, among others. Any changes in the judgments, estimates or assumptions used could produce significantly different results.

Intangible Assets

Intangible assets with determinable lives are amortized on a straight-line basis over their respective estimated useful lives, which is determined based on their expected period of benefit or are amortized weighted toward their expected periods of benefit. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. In addition, each quarter, the Company evaluates whether events and circumstances warrant a revision to the remaining estimated useful life of each of these intangible assets. If the Company were to determine that a change to the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life.

Income Taxes

The Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance related to deferred tax assets. In the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made.

Foreign Exchange

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. In cases where the Company is not able to create a natural hedge by maintaining offsetting asset and liability amounts in the same currency, it may enter into foreign exchange contracts, typically in the form of forward purchase agreements, to facilitate the hedging of foreign currency exposures to mitigate the impact of changes in foreign currency exchange rates. These contracts generally have terms of no more than two months. The Company does not apply hedge accounting to these contracts and therefore the changes in fair value are recorded in earnings. The Company does not enter into foreign exchange contracts for trading purposes and the risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the Company minimizes by limiting its counterparties to major financial institutions. The Company recognized an unrealized gain of less than $0.1 million on contracts outstanding during the three months ended March 31, 2026 and 2025, respectively, which is included in foreign currency transaction loss in the Consolidated Statements of Earnings.

Recently Issued Accounting Pronouncements

In September 2025, the FASB issued ASU No. 2025-06, "*Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*". This ASU amends the guidance under ASC 350-40 for internal-use software. The amendments remove referenced to development-stages, clarify when capitalization may begin, and require entities to apply to property, plant and equipment disclosure requirements under ASC 350-10 to capitalize internal-use software costs. The ASU is effective for annual periods beginning after December 15, 2027, and for interim periods within those annual periods. Early adoption of ASU No. 2025-06 is permitted. The Company has performed an initial assessment and currently does not expect the adoption of ASU No. 2025-06 to have a material effect on its financial position, results of operations or cash flows.

In July 2025, the FASB issued ASU No. 2025-05, "*Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contact Assets*". The update amends the guidance in ASC 326-20 to introduce a practical expedient when estimating credit losses that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments apply to current accounts receivable and current contract assets arising from transactions under ASC 606 (Revenue from Contracts with Customers). The amendments are applied prospectively and are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those years. Early adoption of ASU No. 2025-05 is permitted. The Company has evaluated the impact of ASU No. 2025-05 on its accounting policies and internal controls related to its credit-customer receivables. The Company has determined that, given (i) the nature of its receivables (primarily receivables from customers on credit terms), (ii) its historical credit-loss experience and collection patterns, and (iii) its allowance methodology, adoption of ASU No. 2025-05 is not expected to have a material effect on the Company's consolidated financial position.

In November 2024, the FASB issued ASU No. 2024-03, "*Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*". This ASU requires entities to disaggregate expense items in the notes to the financial statements and requires disclosure of specified information related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating the impact of the ASU on its condensed consolidated financial statements and related disclosures. In January 2025, the FASB issued ASU No. 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of ASU No. 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU No. 2024-03 is permitted.

Results of Operations

The following table sets forth for the periods indicated certain financial information derived from the Company's unaudited condensed consolidated statements of earnings expressed as a percentage of net sales. This comparison of financial results is not necessarily indicative of future results:

	Three months ended March 31,	
	2026	2025
Net sales	100.0%	100.0%
Cost of sales	85.5	83.1
Gross profit	14.5	16.9
Selling, general and administrative expenses	11.1	12.1
Acquisition related costs	0.2	0.1
Depreciation and amortization expense	1.1	1.3
Income from operations	2.1	3.5
Other income	0.2	(0.3)
Income before income taxes	2.3	3.1
Income tax provision	0.5	0.4
Net income	1.8%	2.7%

Key Business Metrics

GAAP and Non-GAAP Financial Measures

Our management monitors several financial and non-financial measures and ratios on a regular basis in order to track the progress of our business. We believe that the most important of these measures and ratios include net sales, gross profit and net income, in each case based on information prepared in accordance with U.S. GAAP, as well as certain non-GAAP financial measures and ratios which include adjusted EBITDA and adjusted EBITDA as a percentage of gross profit, or effective margin. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are correspondingly not normally excluded or included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Our use of non-GAAP information as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results reported under U.S. GAAP, as these measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

	Three months ended	
Net income reconciled to adjusted EBITDA (Non-GAAP):	**March 31, 2026**	**March 31, 2025**
Net income	$ 3,334	$ 3,684
Provision for income taxes	836	564
Depreciation and amortization	1,983	1,737
Interest expense	100	69
EBITDA	6,253	6,054
Share-based compensation	1,359	1,323
Acquisition related costs	301	126
Change in fair value of acquisition contingent consideration	—	136
Adjusted EBITDA	$ 7,913	$ 7,639

We define adjusted EBITDA, as net income, plus provision for income taxes, depreciation, amortization, share-based compensation, interest expense, acquisition related costs and changes in the fair value of contingent considerations. We define effective margin as adjusted EBITDA as a percentage of gross profit. We provided a reconciliation of adjusted EBITDA to net income, which is the most directly comparable U.S. GAAP measure. We use adjusted EBITDA as a supplemental measure of our performance to gain insight into our businesses profitability, operating performance and performance trends, and to provide management and investors a useful measure for period-to-period comparisons by excluding items that management believes are not reflective of our underlying operating performance. Accordingly, we believe that Adjusted EBITDA and effective margin provide useful information to investors and others in understanding and evaluating our operating results. Adjusted EBITDA is also a component to our financial covenants in our credit facility. Our use of adjusted EBITDA has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. In addition, other companies, including companies in our industry, might calculate adjusted EBITDA, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

Key Operational Metrics

We also use a variety of operating and other information to evaluate the operating performance of our business, develop financial forecasts, make strategic decisions, and prepare and approve annual budgets. Gross billings are the total dollar value of customer purchases of goods and services during the period, net of customer returns and credit memos, sales, or other taxes. Gross billings include the transaction values for certain sales transactions that are recognized on a net basis, and, therefore, include amounts that will not be recognized as revenue. We use gross billings and gross profit as a percentage of gross billings, or gross billings margin, as operational metrics to assess the volume of transactions or market share for our business as well as to understand changes in our accounts receivable and accounts payable. We believe gross billings and gross billings margin will aid investors in the same manner.

	Three months ended	
	March 31, 2026	**March 31, 2025**
Net sales	$ 182,376	$ 138,044
Gross profit	$ 26,500	$ 23,396
Gross profit - Distribution	$ 23,356	$ 20,398
Gross profit - Solutions	$ 3,144	$ 2,998
Non-GAAP Financial Measures:		
Adjusted EBITDA (Non-GAAP)	$ 7,913	$ 7,639
Effective margin % - Adjusted EBITDA (Non-GAAP)	29.9%	32.7%
Operational Metrics:		
Gross billings	$ 542,828	$ 474,596
Gross billings - Distribution	$ 520,934	$ 453,575
Gross billings - Solutions	$ 21,894	$ 21,021
Gross billings margin % - Gross billings	4.9%	4.9%

We consider gross profit growth and effective margin to be key metrics in evaluating our business. During the three months ended March 31, 2026, gross profit increased 13%, or $3.1 million, to $26.5 million compared to $23.4 million for the same period in the prior year, while effective margin decreased to 29.9% compared to 32.7% for the same period in the prior year.

Acquisitions

On February 24, 2026, we completed the acquisition of Interworks for an aggregate purchase price of approximately €8.0 million (equivalent to $9.4 million USD), adjusted upwards for $3.5 million in net working capital adjustment resulting in a final purchase consideration $13 million. The operating results of Interworks are included in our operating results from the date of acquisition within our Distribution segment.

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Net Sales and Gross Billings

Net sales for the three months ended March 31, 2026 increased 32%, or $44.4 million, to $182.4 million compared to $138.0 million for the same period in the prior year. Gross billings, an operational metric, for the three months ended March 31, 2026 increased 14%, or $68.2 million, to $542.8 million compared to $474.6 million for the same period in the prior year. Net sales and gross billings both increased due to organic growth from our existing vendor partnerships. Gross billings increased at a lesser rate than net sales due to differences in the product mix between the two periods. During the three months ended March 31, 2026, gross billings included a greater percentage of hardware and software products, which are recorded on a gross basis, while during the three months ended March 31, 2025, gross billings included a greater percentage of security, maintenance and cloud products, which are recorded net of related cost of sales.

Distribution segment net sales for the three months ended March 31, 2026 increased 34%, or $44.9 million, to $177.1 million compared to $132.2 million for the same period in the prior year. Gross billings for the Distribution segment for the three months ended March 31, 2026 increased 15%, or $67.3 million, to $520.9 million compared to $453.6 million for the same period in the prior year. Net sales increased organically at a greater rate than gross billings increased due to the impact of hardware and software sales recognized during the current period, which are recorded on a gross basis.

Solutions segment net sales for the three months ended March 31, 2026, decreased 10%, or $0.6 million, to $5.3 million compared to $5.9 million for the same period in the prior year. Gross billings for the Solutions segment for the three months ended March 31, 2026 increased 4%, or $0.9 million, to $21.9 million compared to $21.0 million for the same period in the prior year. Net sales decreased despite the increase in gross billings due to differences in the product mix between the two periods in our Solution segment.

The Company had two major customers that accounted for 26% and 17%, respectively, of its total net sales during the three months ended March 31, 2026 and 26% and 13%, respectively, of its total net sales during the three months ended March 31, 2025. The Company had no major vendors during the three months ended March 31, 2026, compared to one major vendor that accounted for 13% of total purchases during the three months ended March 31, 2025.

Gross Profit

Gross profit for the three months ended March 31, 2026 increased 13%, or $3.1 million, to $26.5 million compared to $23.4 million for the same period in the prior year. Gross profit increased due to organic growth from our existing vendor partnerships.

Distribution segment gross profit for the three months ended March 31, 2026 increased 15%, or $3.0 million, to $23.4 million compared to $20.4 million for the same period in the prior year. The increase reflects the previously noted organic growth from existing vendor partnerships, partially offset by higher other rebates and discounts offered to our customers as a percentage of gross billings.

Solutions segment gross profit for the three months ended March 31, 2026 increased 5%, or $0.1 million, to $3.1 million compared to $3.0 million for the same period in the prior year. This increase was driven by higher gross profit margins generated in both North American and Europe.

Customer rebates and discounts for the three months ended March 31, 2026 were $6.8 million compared to $4.6 million for the same period in the prior year. Customer rebates and discounts vary based on terms of rebate and early pay discount programs offered to customers and timing of payments ultimately received from our customers.

Vendor rebates and discounts for the three months ended March 31, 2026 were $2.3 million compared to $4.7 million for the same period in the prior year. Vendor rebates are dependent on programs offered by our vendors and in some cases reaching certain volume targets set by our vendors or meeting certain early payment programs offered by our vendors. The Company monitors vendor rebate levels, competitive pricing, and gross profit margins carefully.

Selling, General and Administrative Expenses

SG&A expenses for the three months ended March 31, 2026 increased 21%, or $3.5 million, to $20.3 million compared to $16.8 million for the same period in the prior year. This increase was primarily due to an increase in salaries, commissions and other employee related expenses in support of the increased gross profit, as well as one-time investments to drive organic growth from new vendors and in the Company's infrastructure to support long-term growth initiatives. SG&A expenses were 3.7% of gross billings for the three months ended March 31, 2026, compared to 3.5% for the same period in the prior year. The Company expects that its SG&A expenses, as a percentage of gross billings, may vary depending on changes in sales volume, as well as the levels of continuing investments to drive future growth.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three months ended March 31, 2026, increased 18%, or $0.3 million, to $2.0 million compared to $1.7 million for the same period in the prior year, primarily due to increased amortization for a vendor relationship acquired through a prior year acquisition. The Company received notice of termination of its distribution agreement from this vendor during the first quarter of 2025 and therefore changed the amortization life of the intangible asset to a shorter period to reflect the expected period of benefits.

Acquisition Related Costs

Acquisition related costs for the three months ended March 31, 2026 and 2025 were $0.3 million and $0.1 million, respectively. These expenses in the current period relate to costs incurred with the acquisition of Interworks, while these expenses in the same period in the prior year relate to a previously completed acquisition.

Income Taxes

We compute interim period income taxes by applying an anticipated annual effective tax rate to our year-to-date income or loss from operations before income taxes, except for significant unusual or infrequently occurring items and discrete items. As a result, our estimated tax rate is adjusted each quarter. For the three months ended March 31, 2026 and 2025, the Company recorded a provision for income taxes of $0.8 million and $0.6 million, respectively. The effective tax rate for the three months ended March 31, 2026 and 2025 was 20.1% and 13.3%, respectively. The effective tax rate for the three months ended March 31, 2026 compared to the same period in the prior year was primarily impacted by changes in the mix of jurisdictions in which taxable income was earned, as well as a discrete item for the recognition of excess tax benefits related to share-based compensation in income tax expense, and limitations on the deductibility of certain executive compensation amounts during both periods. The recognition of excess tax benefit related to share-based compensation in income tax expense resulted in a net tax benefit of $0.4 million, which reduced our effective tax rate by 10.5% during the three months ended March 31, 2026. The recognition of excess tax benefit related to share-based compensation in income tax expense resulted in a net tax benefit of $0.5 million, which reduced our effective tax rate by 10.7% during the three months ended March 31, 2025.

Liquidity and Capital Resources

Our cash and cash equivalents as of March 31, 2026 increased 14%, or $5.2 million, to $41.8 million compared to $36.6 million as of December 31, 2025.

Net cash and cash equivalents provided by operating activities for the three months ended March 31, 2026 was $16.9 million, comprised primarily of net income adjusted for non-cash items of $6.7 million, partially offset by changes in operating assets and liabilities of $10.2 million.

Net cash and cash equivalents used in investing activities during the three months ended March 31, 2026 was $8.7 million, comprised primarily of the payment for the Interworks acquisition.

Net cash and cash equivalents used in financing activities during the three months ended March 31, 2026 was $2.8 million, comprised of repayments under credit facilities of $10.1 million, purchases of treasury stock of $1.5 million, and repayments of borrowings under term loan of $0.2 million, partially offset by borrowings under credit facilities of $9.0 million. The Company had a short-term operating need during the three months ended March 31, 2026, that resulted in $9.0 million of borrowings under credit facilities, which was subsequently repaid in full during the three months ended March 31, 2026.

On May 18, 2023, the Company entered into a revolving credit agreement (the “Credit Agreement”) with JPMorgan Chase Bank, N.A. (“JPM”), providing for a revolving credit facility of up to $50.0 million, including the issuance of letters of credit and swingline loans not to exceed $2.5 million and $5.0 million, respectively, at any time outstanding. In addition, subject to certain conditions enumerated in the Credit Agreement, the Company has the right to increase the revolving credit facility by a total amount not to exceed $20.0 million. The proceeds of the revolving loans, letters of credit and swingline loans under the Credit Agreement may be used for working capital needs, general corporate purposes and for acquisitions permitted by the terms of the Credit Agreement. All outstanding loans issued pursuant to the Credit Agreement become due and payable, on May 18, 2028. There were no amounts outstanding under the Credit Agreement as of March 31, 2026.

On April 8, 2022, the Company entered into a $2.1 million term loan (the “Term Loan”) with First American Commercial Bancorp, Inc. (“First American”) pursuant to a Master Loan and Security Agreement. The proceeds from the Term Loan was used to fund certain capital expenditures. The borrowing under the Term Loan bears interest at a rate of 3.73% per annum and is being repaid over forty-eight monthly installments of principal and interest through March 2026. As of March 31, 2026, the Company had no amounts outstanding under the Term Loan.

We anticipate that our working capital needs will increase as we invest in the growth of our business. We believe that the funds held in cash and cash equivalents and our unused borrowings under our Credit Agreement will be sufficient to fund our working capital and cash requirements for at least the next 12 months. Our uses of cash beyond the next 12 months will depend on many factors, including the general economic environment in which we operate and our ability to generate cash flow from operations, which we are uncertain but include funding our operations and additional capital expenditures. We continuously evaluate our liquidity and capital resources, including access to external capital, to ensure we can finance our longer-term capital requirements.

Foreign Exchange

The Company's foreign subsidiaries are subject to changes in demand or pricing resulting from fluctuations in currency exchange rates or other factors. We are subject to fluctuations primarily in the Canadian Dollar, Euro Dollar and British Pound-to-U.S. Dollar exchange rate.

Off-Balance Sheet Arrangements

As of March 31, 2026, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Securities Act of 1934, as amended.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk in the ordinary course of our business. This market risk is principally limited to changes in foreign currency exchange rates.

We conduct international operations in Canada, the United Kingdom and throughout Europe. Our results of operations are subject to both foreign currency transaction risk and currency translation risk. We have foreign currency transaction risk when transactions are not denominated in our subsidiaries' functional currency, which include purchases and sales of the products and services we provide. With respect to currency translation risk, our financial condition and results of operations are measured and recorded in the relevant functional currency and then translated into U.S. dollars for inclusion in our condensed consolidated financial statements. In recent years, exchange rates between these foreign currencies and the U.S. dollar have fluctuated significantly and may do so in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that material information relating to us is made known to the officers who certify as to our financial reports and to other members of senior management and the Board of Directors. These disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports that are filed or submitted under the Exchange Act, are recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

As required by Rule 13a-15(b) under the Exchange Act, our management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report. This evaluation was carried out under the supervision and with the participation of various members of our management, including our Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this Quarterly Report, to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As described above, on February 24, 2026, we completed the acquisition of Interworks. SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from date of acquisition. We are in the process of integrating Interworks operations within our internal control structure. In executing this integration, we are analyzing, evaluating, and where necessary, making changes in controls and procedures related to the Interworks business. Accordingly, management has excluded controls relating to Interworks in this quarter's evaluation of disclosure controls and procedures.

Changes in Internal Control Over Financial Reporting. Except for the acquisition described above, there has been no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act, that occurred during the three months ended March 31, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The nature of our business exposes the Company and its subsidiaries to the risk of claims and litigation in the normal course of business. Other than routine litigation arising out of the ordinary course of business, we are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 1A. Risk Factors

You should carefully consider the risks described in "Item 1A. Risk Factors" in Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as our business, financial condition and results of operations could be adversely affected by any of the risks and uncertainties described therein. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth the repurchase of Common Stock, as adjusted for the Stock Split, by the Company and its affiliated purchasers during the first quarter of 2026.

ISSUER PURCHASE OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid Per Share	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (2)
January 1, 2026 - January 31, 2026	—	$ —	—	$ —	2,183,144
February 1, 2026 - February 28, 2026	—	$ —	—	$ —	2,183,144
March 1, 2026 - March 31, 2026	—	$ —	—	$ —	2,183,144
Total	—	$ —	—	$ —	2,183,144

(1) Does not include 59,376 shares surrendered, or deemed surrendered, to the Company by employees to satisfy individual tax withholding obligations upon vesting of previously issued Restricted Stock Units.

(2) For the quarter ended March 31, 2026, we did not repurchase any shares of our Common Stock under our share repurchase plans referred to in footnote (3) below.

(3) On December 3, 2014, the Board of Directors of the Company approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. On February 2, 2017, the Board of Directors of the Company approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. The Company expects to purchase shares of its Common Stock from time to time in the market or otherwise subject to market conditions. The timing, number and value of shares of Common Stock repurchased are subject to the Company's discretion. The Common Stock repurchase program does not have an expiration date.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended March 31, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description of Exhibit	Incorporated by Reference Form	Exhibit or Annex	Filing Date	File Number
3.1	Amended and Restated Certificate of Incorporation of the Company.	10-K	3.1	March 11, 2025	000-26408
3.1(a)	Certificate of Amendment of Restated Certificate of Incorporation of the Company.	10-Q	3.1(a)	November 3, 2006	000-26408
3.1(b)	Certificate of Amendment of Restated Certificate of Information of the Company.	8-K	3.1	October 27, 2022	000-26408
3.2	Amended and Restated Bylaws of the Company.	8-K	3.1	December 8, 2022	000-26408
31.1*	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, of Dale Foster, the Chief Executive Officer of the Company.				
31.2*	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, of Matthew Sullivan, the Chief Financial Officer of the Company.				
32.1#	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Dale Foster, the Chief Executive Officer of the Company.				
32.2#	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Matthew Sullivan, the Chief Financial Officer of the Company.				
101	The following financial information from Climb Global Solutions, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, filed with the SEC on April 30, 2026, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (1) Condensed Consolidated Balance Sheets, (2) Condensed Consolidated Statements of Income, (3) Condensed Consolidated Statements of Stockholders' Equity, (4) Condensed Consolidated Statements of Comprehensive Income, (5) Condensed Consolidated Statements of Cash Flows, and (6) the Notes to the Unaudited Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				

*	Filed herewith
#	Furnished herewith. This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

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 thereunto duly authorized.

CLIMB GLOBAL SOLUTIONS, INC

April 30, 2026	By:	/s/ Dale Foster
Date		Dale Foster, Chief Executive Officer (Principal Executive Officer)
April 30, 2026	By:	/s/ Matthew Sullivan
Date		Matthew Sullivan, Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Dale Foster, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Climb Global Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2026

/s/ Dale Foster
Dale Foster
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Matthew Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Climb Global Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2026

/s/ Matthew Sullivan
Matthew Sullivan
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Climb Global Solutions, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale Foster, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dale Foster
Dale Foster
Chief Executive Officer
(Principal Executive Officer)
April 30, 2026

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Climb Global Solutions, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew Sullivan, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew Sullivan
Matthew Sullivan
Chief Financial Officer
(Principal Financial and Accounting Officer)
April 30, 2026

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by Company and furnished to the Securities and Exchange Commission or its staff upon request.