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, 2014

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

Wayside Technology Group, 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.)

1157 Shrewsbury Avenue, Shrewsbury, New Jersey 07702
(Address of principal executive offices)

(732) 389-8950
Registrant's Telephone Number

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 and 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Check One:

Large Accelerated Filer ☐ Accelerated Filer ☐

Non-Accelerated Filer ☐ Smaller Reporting Company ☒

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 4,789,123 outstanding shares of common stock, par value $.01 per share, ("Common Stock") as of April 29, 2014, not including 495,377 shares classified as treasury stock

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Wayside Technology Group, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Amounts in thousands, except share and per share amounts)

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,718	$ 19,609
Accounts receivable, net of allowances of $1,500 and $1,429, respectively	57,116	60,796
Inventory, net	1,233	1,315
Prepaid expenses and other current assets	1,206	2,117
Deferred income taxes	230	218
Total current assets	71,503	84,055
Equipment and leasehold improvements, net	334	324
Accounts receivable-long-term	9,555	10,006

Other assets		160		159
Deferred income taxes		216		216
	$	81,768	$	94,760
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued expenses	$	45,808	$	60,039
Total current liabilities		45,808		60,039
Commitments and contingencies				
Stockholders' equity				
Common Stock, $.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued; 4,766,774 and 4,653,293 shares outstanding, respectively		53		53
Additional paid-in capital		29,507		28,791
Treasury stock, at cost, 517,726 and 631,207 shares, respectively		(6,484)		(7,017)
Retained earnings		12,967		12,695
Accumulated other comprehensive (loss) income		(83)		199
Total stockholders' equity		35,960		34,721
	$	81,768	$	94,760

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

Wayside Technology Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings
(Unaudited)
(Amounts in thousands, except per share data)

	Three months ended March 31,			
		2014		**2013**
Net sales	$	71,730	$	65,980
Cost of sales		66,192		60,667
Gross profit		5,538		5,313
Selling, general and administrative expenses		4,045		3,917
Income from operations		1,493		1,396
Other income:				
Interest, net		123		130
Foreign currency transaction (loss) gain		(12)		5
Income before provision for income taxes		1,604		1,531
Provision for income taxes		545		511
Net income	$	1,059	$	1,020
Income per common share — Basic	$	0.23	$	0.23
Income per common share —Diluted	$	0.23	$	0.22
Weighted average common shares outstanding — Basic		4,538		4,477
Weighted average common shares outstanding — Diluted		4,615		4,602
Dividends paid per common share	$	0.17	$	0.16

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

Wayside Technology Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(Amounts in thousands)

Three months ended
March 31,

	2014	2013
Net income	$ 1,059	$ 1,020
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(282)	(186)
Reclassification adjustment for loss realized in net income on available-for-sale marketable securities	—	11
Other comprehensive (loss)	(282)	(175)
Comprehensive income	$ 777	$ 845

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

Wayside Technology Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)
(Amounts in thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Shares	Treasury Amount	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance at January 1, 2014	5,284,500	$ 53	$ 28,791	631,207	$ (7,017)	$ 12,695	$ 199	$ 34,721
Net income						1,059		1,059
Translation adjustment							(282)	(282)
Dividends paid						(787)		(787)
Share-based compensation expense			327					327
Restricted stock grants (net of forfeitures)			(128)	(20,414)	128			—
Stock options exercised			278	(105,000)	589			867
Tax benefit from share-based compensation			239					239
Treasury stock repurchased				11,933	(184)			(184)
Balance at March 31, 2014	5,284,500	$ 53	29,507	517,726	(6,484)	12,967	(83)	35,960

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

Wayside Technology Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Cash flows from operating activities		
Net income	$ 1,059	$ 1,020
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	59	74
Deferred income tax (benefit) expense	(12)	34
Provision for doubtful accounts receivable	—	37
Share-based compensation expense	327	271
Changes in operating assets and liabilities:		
Accounts receivable	3,901	16,872
Inventory	82	88
Prepaid expenses and other current assets	906	14
Accounts payable and accrued expenses	(14,155)	(17,548)
Other assets	(2)	(82)
Net cash (used in) provided by operating activities	(7,835)	780
Cash flows (used in) provided by investing activities		
Purchases of available-for-sale securities	—	(920)
Redemptions of available-for-sale securities	—	5,342
Purchase of equipment and leasehold improvements	(69)	(72)
Net cash (used in) provided by investing activities	(69)	4,350
Cash flows from financing activities		
Dividends paid	(787)	(750)
Purchase of treasury stock	(184)	(512)
Tax benefit from share-based compensation	239	32
Repayment of capital lease obligations	—	(27)
Proceeds from stock option exercises	867	—

(Amounts in tables in thousands, except share and per share amounts)

Net cash provided by (used in) financing activities	135	(1,257)
Effect of foreign exchange rate on cash	(122)	(117)
Net (decrease) increase in cash and cash equivalents	(7,891)	3,756
Cash and cash equivalents at beginning of period	19,609	9,835
Cash and cash equivalents at end of period	$ 11,718	$ 13,591
Supplementary disclosure of cash flow information:		
Income taxes paid	$ 621	$ 574
Interest paid	$ —	$ 10

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

1. The accompanying unaudited condensed consolidated financial statements of Wayside Technology Group, 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 8-03 of Regulation S-X. Accordingly, 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, 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, investments, intangible assets, income taxes, stock-based compensation, and 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 presentation, have been included in the accompanying 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 year ended December 31, 2013.

2. Assets and liabilities of the Company's foreign subsidiaries have been translated at current exchange rates, and related sales and expenses have been translated at average rates of exchange in effect during the period. The sales from our Canadian operations in the first three months of 2014 were $5.6 million as compared to $4.8 million for the first three months of 2013.

3. Cumulative translation adjustments and unrealized gains (losses) on available-for-sale securities have been classified within accumulated other comprehensive income, which is a separate component of stockholders' equity in accordance with FASB ASC Topic 220, "Comprehensive Income."

4. Revenue on product (software and hardware) and maintenance agreement sales are recognized once four criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed and determinable, (3) delivery (software and hardware) or fulfillment (maintenance) has occurred, and (4) there is reasonable assurance of collection of the sales proceeds. Revenues from the sales of hardware products, software products and licenses and maintenance agreements are recognized on a gross basis with the selling price to the customer recorded as sales and the acquisition cost of the product recorded as cost of sales.

Product delivery to customers occur in a variety of ways, including (i) as physical product shipped from the Company's warehouse, (ii) via drop-shipment by the vendor, or (iii) via electronic delivery for software licenses. The Company leverages drop-ship arrangements with many of its vendors and suppliers to deliver products to customers without having to physically hold the inventory at its warehouse, thereby increasing efficiency and reducing costs. The Company recognizes revenue for drop-ship arrangements on a gross basis. Furthermore, in such drop-ship arrangements, the Company negotiates price with the customer, pays the supplier directly for the product shipped and bears credit risk of collecting payment from its customers. The Company serves as the principal with the customer and, therefore, recognizes the sale and cost of sale of the product upon receiving notification from the supplier that the product has shipped. Maintenance agreements

allow customers to obtain technical support directly from the software publisher and to upgrade, at no additional cost, to the latest technology if new applications are introduced by the software publisher during the period that the maintenance agreement is in effect.

Sales are recorded net of discounts, rebates, and returns. Vendor rebates and price protection are recorded when earned as a reduction to cost of sales or merchandise inventory, as applicable.

Cooperative reimbursements from vendors, which are earned and available, are recorded in the period the related advertising expenditure is incurred. Cooperative reimbursements are recorded as a reduction of cost of sales in accordance with FASB ASC Topic 605-50 "Accounting by a Customer (including reseller) for Certain Consideration Received from a Vendor." Provisions for returns are estimated based on historical sales returns and credit memo analysis which are adjusted to actual on a periodic basis.

Accounts receivable-long-term result from product sales with extended payment terms that are discounted to their present values at the prevailing market rates. In subsequent periods, the accounts receivable are 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 due under these long-term accounts receivable due within one year are reclassified to the current portion of accounts receivable.

5. The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable and accounts payable approximated fair value at March 31, 2014 and December 31, 2013 because of the relative short maturity of these instruments. The Company's accounts receivable long-term is discounted to their present value at

(Amounts in tables in thousands, except share and per share amounts)

prevailing market rates so the balances approximate fair value.

6. Balance Sheet Detail:

Equipment and leasehold improvements consist of the following as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Equipment	$ 2,824	$ 2,771
Leasehold improvements	566	555
	3,390	3,326
Less accumulated depreciation and amortization	(3,056)	(3,002)
	$ 334	$ 324

Accounts payable and accrued expenses consist of the following as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Trade accounts payable	$ 42,797	$ 56,973
Accrued expenses	3,011	3,066
	$ 45,808	$ 60,039

Accumulated other comprehensive (loss) income consists of the following as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
Foreign currency translation adjustment	$ (83)	$ 199
	$ (83)	$ 199

7. On January 4, 2013, the Company entered into a $10,000,000 revolving credit facility (the “Credit Facility”) with Citibank, N.A. (“Citibank”) pursuant to a Business Loan Agreement (the “Loan Agreement”), Promissory Note (the “Note”), Commercial Security Agreements (the “Security Agreements”) and Commercial Pledge Agreement (the “Pledge Agreement”). The Credit Facility, which will be used for business and working capital purposes, including financing of larger extended payment terms sales transactions. The Credit Facility matures on January 4, 2016, at which time the Company must pay this loan in one payment of any outstanding principal plus all accrued unpaid interest. In addition, the Company will pay regular monthly payments of all accrued unpaid interest. The interest rate for any borrowings under the Credit Facility is subject to change from time to time based on the changes in an independent index which is the LIBOR Rate (the “Index”). If the Index becomes unavailable during the term of this loan, Citibank may designate a substitute index after notifying the Company. Interest on the unpaid principal balance of the Note will be calculated using a rate of 1.500 percentage points over the Index. The Credit Facility is secured by the assets of the Company.

Among other affirmative covenants set forth in the Loan Agreement, the Company must maintain (i) a ratio of Total Liabilities to Tangible Net Worth (each as defined in the Loan Agreement) of not greater than 2.50 to 1.00, to be tested quarterly and (ii) a minimum Debt Service Coverage Ratio (as defined in the Loan Agreement) of 2.00 to 1.00. Additionally, the Loan Agreement contains negative covenants related to, among other items, prohibitions against the creation of certain liens, engaging in any business activities substantially different than those currently engaged in by the Company, and paying dividends the Company’s stock other than (i) dividends payable in its stock and (ii) cash dividends in amounts and frequency consistent with past practice, without first securing the written consent of Citibank. The Company is in compliance with all covenants at March 31, 2014.

At March 31, 2014, the Company had no borrowings outstanding under the Credit Facility.

8. Basic Earnings Per Share (“EPS”) is calculated by dividing net income attributable to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS is calculated by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding, adjusted for potentially dilutive securities including unexercised stock option grants and nonvested shares of restricted stock.

A reconciliation of the numerators and denominators of the basic and diluted per share computations follows:

	Three months ended March 31,	
	2014	2013
Numerator:		
Net income	$ 1,059	$ 1,020
Denominator:		
Weighted average shares (Basic)	4,538	4,477
Dilutive effect of outstanding options and non-vested shares of restricted stock	77	125

(Amounts in tables in thousands, except share and per share amounts)

Weighted average shares including assumed conversions (Diluted)	4,615	4,602
Basic income per share	$ 0.23	$ 0.23
Diluted income per share	$ 0.23	$ 0.22

9. The Company had one major vendor that accounted for 10.3% of total purchases during the three months ended March 31, 2014. The Company had one major vendor that accounted for 10.4% of total purchases during the three months ended March 31, 2013. The Company had three major customers that accounted for 15.7%, 15.6% and 10.5%, respectively, of its total net sales during the three months ended March 31, 2014. These same customers accounted for 14.2%, 14.1% and 9.3%, respectively, of total net accounts receivable as of March 31, 2014. The Company had three major customers that accounted for 14.5%, 14.4% and 11.3%, respectively, of its total net sales during the three months ended March 31, 2013.

10. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and in various state and foreign jurisdictions. The Company has identified its federal consolidated tax return and its state tax return in New Jersey and its Canadian tax return as major tax jurisdictions. As of March 31, 2014 the Company's Federal and Canadian tax returns remain open for examination for the years 2010 through 2013. The Company's New Jersey tax returns are open for examination for the years 2009 through 2013. 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.

The effective tax rate for the three months ended March 31, 2014 was 34.0% compared with 33.4% for the same period last year.

11. The 2012 Stock-Based Compensation Plan (the "2012 Plan") authorizes the grant of Stock Options, Stock Units, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Bonuses and other equity-based awards. The total number of shares of Common Stock initially available for award under the 2012 Plan was 600,000. As of March 31, 2014, the number of shares of Common stock available for future award grants to employees and directors under the 2012 Plan is 557,636.

The 2006 Stock-Based Compensation Plan (the "2006 Plan") authorizes the grant of Stock Options, Stock Units, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Bonuses, and other equity-based awards. The total number of shares of Common Stock initially available for award under the 2006 Plan was 800,000. As of March 31, 2014, there are no shares of Common Stock available for future award grants to employees and directors under the 2006 Plan.

During 2006, the Company granted a total of 315,000 shares of Restricted Stock to officers, directors and employees. Included in this grant were 200,000 Restricted Shares granted to the Company's CEO in accordance with his employment agreement. These 200,000 Restricted Shares vest over 40 equal quarterly installments. The remaining grants of Restricted Stock vest over 20 equal quarterly installments.

During 2007, the Company granted a total of 30,000 shares of Restricted Stock to officers, directors and employees. These shares of Restricted Stock vest over 20 equal quarterly installments. In 2007, a total of 12,500 shares of Restricted Stock were forfeited as a result of employees and officers terminating employment with the Company.

During 2008, the Company granted a total of 57,500 shares of Restricted Stock to officers and directors. These shares of Restricted Stock vest over 20 equal quarterly installments. In 2008, a total of 3,500 shares of Restricted Stock were forfeited as a result of employees terminating employment with the Company.

During 2009, the Company granted a total of 140,000 shares of Restricted Stock to officers and employees. These shares of Restricted Stock vest over 20 equal quarterly installments.

During 2010, the Company granted a total of 150,500 shares of Restricted Stock to officers and employees. These shares of Restricted Stock vest over 20 equal quarterly installments. In 2010, a total of 5,875 shares of Restricted Stock were forfeited as a result of employees and officers terminating employment with the Company.

During 2011, the Company granted a total of 15,000 shares of Restricted Stock to employees. These shares of Restricted Stock vest over 20 equal quarterly installments. In 2011, a total of 8,375 shares of Restricted Stock were forfeited as a result of employees terminating employment with the Company.

During 2012, the Company granted a total of 92,000 shares of Restricted Stock to officers, directors, and employees. These shares of Restricted Stock vest over 20 equal quarterly installments. A total of 3,525 shares of Restricted Stock were forfeited as a result of employees terminating employment with the Company.

During 2013, the Company granted a total of 56,500 shares of Restricted Stock to officers and employees. Included in these grants were 40,000 Restricted Shares granted to the Company's CEO in accordance with the satisfaction of certain performance criteria included in his compensation plan. These 40,000 Restricted Shares vest over 16 equal quarterly installments. The remaining grants of Restricted Stock vest over 20 equal

quarterly installments. A total of 775 shares of Restricted Stock were forfeited as a result of employees terminating employment with the Company.

During 2014, the Company granted a total of 45,689 shares of Restricted Stock to officers and employees. These shares of Restricted Stock vest between eight and twenty equal quarterly installments. A total of 25,275 shares of Restricted Stock were forfeited as a result of officers and employees terminating employment with the Company.

Changes during 2014 in options outstanding under the Company's combined plans (i.e., the 2012 Plan, the 2006 Plan, the 1995 Non-Employee Director Plan and the 1995 Stock Option Plan) were as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value ($M)(1)

Outstanding at January 1, 2014	285,640	$	8.71			
Granted in 2014	—		—			
Canceled in 2014	(15,000)		3.04			
Exercised in 2014	(105,000)		8.26			
Outstanding at March 31, 2014	165,640	$	9.50	0.5	$	1.7
Exercisable at March 31, 2014	165,640	$	9.50	0.5	$	1.7

(1) The intrinsic value of an option is calculated as the difference between the market value on the last trading day of the quarter (March 31, 2014) and the exercise price of the outstanding options. The market value as of March 31, 2014 was $19.84 per share represented by the closing price as reported by The NASDAQ Global Market on that day.

A summary of nonvested shares of Restricted Stock awards outstanding under the Company's the 2012 Plan and 2006 Plan as of March 31, 2014, and changes during the three months then ended is as follows:

	Shares		Weighted Average Grant Date Fair Value
Nonvested shares at January 1, 2014	199,550	$	12.02
Granted in 2014	45,689		15.12
Vested in 2014	(30,174)		10.84
Forfeited in 2014	(25,275)		11.28
Nonvested shares at March 31, 2014	189,790	$	12.70

As of March 31, 2014, there is approximately $2.4 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 2.8 years.

For the three months ended March 31, 2014 and 2013, the Company recognized share-based compensation cost of approximately $0.3 million and $0.3 million, respectively, which is included in the Company's selling, general and administrative expense.

12. 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 CODM is the Chief Executive Officer.

The Company is organized into two reportable operating segments. The "Lifeboat Distribution" segment distributes technical software to corporate resellers, value added resellers (VARs), consultants and systems integrators worldwide. The "TechXtend" segment is a value-added reseller of software, hardware and services for corporations, government organizations and academic institutions in the United States and Canada.

As permitted by FASB ASC Topic 280, the Company has utilized the aggregation criteria in combining its operations in Canada with the domestic segments as the Canadian operations provide the same products and services to similar clients and are considered together when the Company's CODM decides how to allocate resources.

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 and inventory 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,			
		2014		2013
Revenue:				
Lifeboat Distribution	$	59,259	$	53,869
TechXtend		12,471		12,111
		71,730		65,980
Gross Profit:				
Lifeboat Distribution	$	4,116	$	3,772
TechXtend		1,422		1,541
		5,538		5,313
Direct Costs:				
Lifeboat Distribution	$	1,231	$	1,105
TechXtend		794		889
		2,025		1,994

Segment Income:

Lifeboat Distribution	$	2,885	$	2,667
TechXtend		628		652
Segment Income		3,513		3,319
General and administrative	$	2,020	$	1,923
Interest, net		123		130
Foreign currency translation (loss) gain		(12)		5
Income before taxes	$	1,604	$	1,531

		As of March 31, 2014
Selected Assets By Segment:		
Lifeboat Distribution	$	32,978
TechXtend		34,926
Segment Select Assets		67,904
Corporate Assets		13,864
Total Assets	$	81,768

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of risk and uncertainties, including those set forth under the heading "Certain Factors Affecting Results of Operations and Stock Price" and elsewhere in this report and those set forth in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission. The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes included in this report and the consolidated financial statements and related notes included in our 2013 Annual Report on Form 10-K.

Overview

The Company is organized into two reportable operating segments. The "Lifeboat Distribution" segment distributes technical software to corporate resellers, value added resellers (VARs), consultants and systems integrators worldwide. The "TechXtend" segment is a value-added reseller of software, hardware and services for corporations, government organizations and academic institutions in the USA and Canada.

We offer an extensive line of products from leading publishers of software 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 direct sales, the Internet, our catalogs, direct mail programs, advertisements in trade magazines and e-mail promotions.

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, level of extended payment terms sales transactions, industry shipments of new software products or upgrades, the timing of new merchandise and catalog offerings, fluctuations in response rates, fluctuations in merchandise returns, adverse weather conditions that affect response, distribution or shipping, 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.

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, 2014	2013
Net sales	100%	100%
Cost of sales	92.3	91.9
Gross profit	7.7	8.1
Selling, general and administrative expenses	5.6	6.0
Income from operations	2.1	2.1
Interest income, net	0.2	0.2
Income before income taxes	2.3	2.3
Provision for income taxes	0.8	0.8
Net income	1.5%	1.5%

Net Sales

Net sales for the first quarter ended March 31, 2014 increased 9% or $5.8 million to $71.7 million compared to $66.0 million for the same period in 2013. Total sales for the first quarter of 2014 for our Lifeboat Distribution segment were $59.3 million compared to $53.9 million in the first quarter of 2013, representing an increase of $5.4 million or 10%. Total sales for the first quarter of 2014 for our TechXtend segment were $12.5 million compared to $12.1 million in the first quarter of 2013, representing a increase of $0.4 million or 3%.

The 10% increase in net sales for the Lifeboat Distribution segment was mainly a result of the strengthening of our account penetration, our continued focus on the expanding virtual infrastructure-centric business and the addition of several key product lines. The 3% increase in net sales in the TechXtend segment was primarily due a increase in extended payment terms sales transactions as compared to the first quarter ended March 31, 2013.

Gross Profit

Gross Profit for the first quarter ended March 31, 2014 was $5.5 million, a 4% increase as compared to $5.3 million for the first quarter of 2013. Gross profit for our Lifeboat segment in the first quarter of 2014 was $4.1 million compared to $3.8 million for the first quarter of 2013, representing a 9% increase. Gross profit for our TechXtend segment in the first quarter of 2014 was $1.4 million compared to $1.5 million for the first quarter of 2013, representing an 8% decrease. Although TechXtends's net sales increased its gross profit decreased due to a decrease in rebates earned in the current year compared to the prior year.

Gross profit margin (gross profit as a percentage of net sales) for the first quarter ended March 31, 2014 was 7.7% compared to 8.1% for the first quarter of 2013. Gross profit margin for our Lifeboat Distribution segment for the first quarter of 2014 was 6.9% compared to 7.0% for the first quarter of 2013. The decrease in gross profit margin for the Lifeboat Distribution segment was primarily caused by competitive pricing pressure. Gross profit margin for our TechXtend segment for the first quarter of 2014 was 11.4% compared to 12.7% for the first quarter of 2013. The decrease in gross profit margin for the TechXtend segment was primarily caused by our product mix and a decrease in rebates earned during the first quarter of 2014 compared to the first quarter of 2013.

Vendor rebates and discounts for the quarter ended March 31, 2014 amounted to $0.4 million compared to $0.4 million for the first quarter of 2013, with an increase in vendor rebates for the Lifeboat distribution segment offset by a decrease in vendor rebates for the TechXtend segment.. Vendor rebates are dependent on

reaching certain targets set by our vendors. Vendors have been periodically substantially increasing their target revenues for rebate eligibility. The Company monitors gross profits and gross profit margins carefully. Price competition in our market continued to intensify in 2014, with competitors lowering their prices significantly and the Company responded immediately. We anticipate that margins, as well as discounts and rebates, for the remainder of the year will continue to be affected by this current trend. To the extent that the Company finances larger transactions with extended payment terms, as anticipated, gross margins also will be negatively impacted.

Selling, General and Administrative Expenses

Total selling, general, and administrative ("SG&A") expenses for the first quarter of 2014 were $4.0 million compared to $3.9 million for the first quarter of 2013, representing a increase of $0.1 million or 3.3%. This increase is primarily the result of an increase in employee and employee related expenses (salaries, commissions, bonus accruals and benefits) in 2014 compared to 2013. As a percentage of net sales, SG&A expenses for first quarter of 2014 were 5.6% compared to 6.0% for the first quarter of 2013.

Direct selling costs (a component of SG&A) for the first quarter of 2014 were $2.0 million compared to $2.0 million for the first quarter of 2013. Total direct selling costs for our Lifeboat Distribution segment for the first quarter of 2014 were $1.2 million compared to $1.1 million for the same period in 2013. Total direct selling costs for our TechXtend segment for the first quarter of 2014 were $0.8 million compared to $0.9 million for the same period in 2013.

The Company expects that its SG&A expenses, as a percentage of net sales, may vary by quarter depending on changes in sales volume, and levels of continuing investments in employee headcount and marketing. We continue to monitor our SG&A expenses closely.

Income Taxes

For the three months ended March 31, 2014, the Company recorded a provision for income taxes of $545,000 or 34.0% of income, compared to $511,000 or 33.4% of income for the same period in 2013.

Liquidity and Capital Resources

During the first three months of 2014 our cash and cash equivalents decreased by $7.8 million to $11.8 million at March 31, 2014, from $19.6 million at December 31, 2013. During the first three months of 2014, net cash used in operating activities amounted to $7.8 million, net cash used in investing activities amounted to $0.1 million and net cash provided by financing activities amounted to $0.1 million.

Net cash used in operating activities in the first the three months of 2014 was $7.8 million and primarily resulted from a $14.2 million decrease in accounts payable partially offset by $1.4 million in net income excluding non-cash charges, and a $3.9 million decrease in accounts receivable and a decrease of $0.9 million in prepaid and other current assets. The decreases in accounts receivable and account payable and accrued expenses were mainly due to lower sales volume, including sales on extended payment terms, in the first quarter of 2014 compared to the fourth quarter of 2013.

Net cash used in investing activities in the first three months of 2014 amounted to $0.1 million. This was the result of capital expenditures of $0.1 million.

Net cash provided by financing activities in the first three months of 2014 amounted to $0.1 million. This consisted primarily of proceeds from stock option exercises of $0.9 million and the tax benefit from share based compensation of $0.2 million offset by dividends paid of $0.8 million and treasury stock repurchased of $0.2 million.

The Company's current and anticipated use of its cash and cash equivalents is, and will continue to be, to fund working capital, operational expenditures, the Common Stock repurchase program and dividends if declared by the board of directors.

We believe that the funds held in cash and cash equivalents and our unused borrowings on our credit facility will be sufficient to fund our working capital and cash requirements for at least the next 12 months.

Contractual Obligations as of March 31, 2014 are summarized as follows:

Payment due by Period	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt obligations	—	—	—	—	—
Capital Lease obligations	—	—	—	—	—
Operating Lease obligations (1)	$ 511	$ 272	$ 239	—	—
Purchase Obligations	—	—	—	—	—
Other Long term Obligations reflected on the Company's Balance Sheet under GAAP	—	—	—	—	—
Total Contractual Obligations	$ 511	$ 272	$ 239	—	—

(1) Operating leases relate primarily to the leases of the space used for our operations in Shrewsbury, New Jersey, Mississauga, Canada and Almere, Netherlands. The

commitments for operating leases include the minimum rent payments.

As of March 31, 2014, the Company is not committed by lines of credit or standby letters of credit, and has no standby repurchase obligations or other commercial commitments (see Note 7 in the Notes to our Consolidated Financial Statements).

Foreign Exchange

The Company's Canadian business is 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-to-U.S. Dollar exchange rate.

Off-Balance Sheet Arrangements

As of March 31, 2014, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

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 accounting principles generally accepted in the United States of America. 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. The Company recognizes revenue from the sale of software and hardware for microcomputers, servers and networks upon shipment or upon electronic delivery of the product. The Company expenses the advertising costs associated with producing its catalogs. The costs of these catalogs are expensed in the same month the catalogs are mailed.

On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, investments, 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 unaudited condensed consolidated financial statements, affect its more significant judgments and estimates.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-offs may be required.

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 was 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.

Under the fair value recognition provision stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense as it is amortized on a straight-line basis over the requisite service period, which is the vesting period. We make certain assumptions in order to value and expense our various share-based compensation awards. In connection with valuing stock options, we use the Black-Scholes model, which requires us to consider certain facts and to estimate certain subjective assumptions. The key facts and assumptions we consider are: (i) the expected volatility of our Common Stock; (ii) the expected term of the award; and (iii) the expected forfeiture rate. In connection with our restricted stock program we make assumptions principally related to the forfeiture rate. We review our valuation assumptions periodically and, as a result, we may change our valuation assumptions used to value stock based awards granted in future periods. Such changes may lead to a significant change in the expense we recognize in connection with share-based payments.

Certain Factors Affecting Results of Operations and Stock Price

This report includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements in this report regarding future events or conditions, including but not limited to statements regarding industry prospects and the Company's expected financial position, results of operations, business and financing plans, are forward-looking statements. These statements can be identified by forward-looking words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," and "continue" or similar words.

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. Substantial risks and uncertainties unknown at this time could cause actual results to differ materially from those indicated by such forward-looking statements, including, but 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, contribution of key vendor relationships and support

programs, including vendor rebates and discounts, 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 year ended December 31, 2013.

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. 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.

Stock Volatility. The technology sector of the United States stock markets has experienced substantial volatility in recent periods. Numerous conditions which impact the technology sector 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, increased competition, reduced vendor incentives and trade credit, higher postage and operating expenses, and other developments, could have a significant impact on the market price of the Company's Common Stock.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In addition to its activities in the United States, 7.7% of the Company sales during the three months ended March 31, 2014 was generated in Canada. We are subject to general risks attendant to the conduct of business in Canada, including economic uncertainties and foreign government regulations. In addition, the Company's Canadian business is subject to changes in demand or pricing resulting from fluctuations in currency exchange rates or other factors. See *"Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Foreign Currency Transactions Gain (Loss)."*

The Company's cash balance is invested in short-term savings accounts with our primary banks, Citibank, and JPMorgan Chase Bank. As such, we believe that the risk of significant changes in the value of our cash invested is minimal.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. 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 such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. This evaluation was carried out under the supervision and with the participation of various members of our management, including our Company's President, Chairman of the Board and Chief Executive Officer (principal executive officer) and Vice President of Accounting and Reporting and Interim Chief Financial Officer (principal financial officer). Based upon that

evaluation, the Company's Chief Executive Officer and Interim Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this 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 Securities and Exchange Commission's rules and forms and is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. 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 quarter ended March 31, 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

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

The table below sets forth the repurchase of Common Stock by the Company and its affiliated purchasers during the first quarter of 2014.

ISSUER PURCHASE OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid Per Share (3)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (4)(5)
January 1, 2014- January 31, 2014	—	$ —	—	$ —	214,947
February 1, 2014- February 28, 2014	11,933 (1)	15.40	—	—	214,947
March 1, 2014- March 31, 2014	—	—	—	—	214,947
Total	11,933	$ 15.40	—	$ —	214,947

(1) Includes 11,933 shares surrendered to the Company by employees to satisfy individual tax withholding obligations upon vesting of previously issued shares of Restricted Stock. These shares are not included in the Common Stock repurchase program referred to in footnote (4) below.

(2) Average price paid per share reflects the closing price the Company's Common Stock on the business date the shares were surrendered by the employee stockholder to satisfy individual tax withholding obligations upon vesting of Restricted Stock or the price of the Common Stock paid on the open market purchase, as applicable.

(3) Average price paid per share reflects the price of the Company's Common Stock purchased on the open market.

(4) On July 31, 2008, the Company approved the increase of its Common Stock repurchase program by an additional 500,000 shares. The Company expects to purchase shares of its Common Stock from time to time in the market or otherwise subject to market conditions. The Common Stock repurchase program does not have an expiration date.

(5) On October 23, 2012, the Board of Directors of the Company approved, and on October 29, 2012, the Company entered into a written purchase plan intended to comply with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Plan"). Purchases involving shares of the Company's Common Stock under the Plan may take place commencing October 29, 2012, and the Plan is intended to be in effect until October 29, 2014. Pursuant to the Plan, the Company's broker shall effect purchases of up to an aggregate of 350,000 shares of Common Stock.

Item 6. Exhibits

(a) Exhibits

10.62 Employment Agreement entered into as of April 21, 2014 by and between William Botti and Wayside Technology Group, Inc.

31.1 Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, of Simon F. Nynens, the Chief Executive Officer (principal 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 Kevin T. Scull, the Interim Chief Financial Officer (principal 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 Simon F. Nynens, the Chief Executive Officer (principal 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 Kevin T. Scull, the Interim Chief Financial Officer (principal financial officer) of the Company.

101 The following financial information from Wayside Technology Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the SEC on May 2, 2014, formatted in XBRL (Extensible Business Reporting Language) includes: (1) Condensed Consolidated Balance Sheets, (2) Condensed Consolidated Statements of Earnings, (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,.

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.

	WAYSIDE TECHNOLOGY GROUP, INC
May 2, 2014	By: / s/ Simon F. Nynens
Date	Simon F. Nynens, Chairman of the Board, President and Chief Executive Officer
May 2 , 2014	By: /s/Kevin T. Scull
Date	Kevin T. Scull, Vice President Accounting and Reporting Interim Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into as of April 21, 2014 (the "Effective Date") by and between Wayside Technology Group, Inc., a Delaware corporation (the "Company" or "Wayside"), and William Botti (the "Executive").

WITNESSETH:

WHEREAS, the Company desires the employment of the Executive in accordance with the provisions of this Agreement; and

WHEREAS, the Executive desires and is willing to be employed by the Company in accordance with the provisions of this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound, the parties agree as follows:

1. Position and Term. On the terms and subject to the conditions set forth in this Agreement, the Company shall employ the Executive and the Executive shall serve the Company as "Executive Vice President". Mr. Botti employment with the Company is "at will" and may be terminated by the Company or Mr. Botti at any time, for any reason, with or without notice.

2. Duties. The Executive's duties shall be prescribed from time to time by the Board of Directors of the Company (the "Board") and shall include such responsibilities as are customary for employees performing functions similar to those of the Executive. In addition, the Executive shall serve at no additional compensation in such executive capacity or capacities with respect to any subsidiary or affiliate of the Company to which he may be elected or appointed, provided that such duties are not inconsistent with those of an Executive Vice President. The Executive shall devote substantially all of the Executive's time and attention to the performance of the Executive's duties and responsibilities for and on behalf of the Company except as set forth herein or as may be consented to by the Company. Notwithstanding anything to the contrary herein, nothing in this Agreement shall preclude the Executive from: (i) serving as a member of the board of directors or advisory board (or their equivalents in the case of a non-corporate entity) of any (A) charitable or philanthropic organization; or (B) entity, including a business entity; (ii) engaging in charitable, community or philanthropic activities or any other activities or (iii) serving as an executor, trustee or in a similar fiduciary capacity; provided, that the activities set out in the foregoing clauses shall be limited by the Executive so as not to affect, individually or in the aggregate, or interfere with the performance of the Executive's duties and responsibilities hereunder, without the consent of the Company.

3. Compensation. The Executive shall receive, for all services rendered to the Company pursuant to this Agreement, the following:

a. Base Salary. The Employee shall be paid a base salary at the rate of two hundred thousand dollars ($200,000) per annum (the "Base Salary"). The Base Salary shall be payable in accordance with the Company's then current general salary payment policies. The Base Salary may be changed (but not decreased without the Employee's consent) from time to time by a majority of the Board.

b. Equity Compensation. After a positive six month performance review based on operational improvement of our sales divisions as well as improvement in the total contribution margin, the Executive shall receive a restricted stock grant of 20,000 shares of common stock under the Company's stock based compensation plan (the "2012 Plan"). The restricted stock grant shall vest in 20 equal quarterly installments. The Employee shall also receive a yearly bonus plan. If the Company shall establish any other incentive compensation plan or bonus plan, the Executive shall be eligible for awards under such plans in the sole discretion of the Board on the terms and subject to the conditions imposed by the Board.

c. Benefits. The Executive and his "dependents," as that term may be defined under the applicable benefit plan(s) of the Company, shall be included, to the extent eligible there under, in any and all standard benefit plans, programs and policies of the Company, which may include health care insurance (medical, dental and vision), long-term disability plans, life insurance, supplemental disability insurance, supplemental life insurance and a 401(k) plan (the "Benefits Plans"). The Executive acknowledges and agrees that the Benefits Plans may from time to time be modified by the Company as it deems necessary and appropriate.

d. Deductions. The Company shall deduct and withhold from the Executive's compensation all necessary or required taxes, including, but not limited to, social security, self employment, withholding and otherwise, and any other amounts required by law or any taxing authority.

4. Expenses. , the Company shall reimburse the Executive for all reasonable out-of-pocket expenses incurred by the Executive in connection with the performance of the Executive's duties and responsibilities hereunder, upon presentment of a valid receipt or other usual and customary documents evidencing such expenses. The Company will reimburse properly substantiated and timely submitted expenses no later than 30 days after the date the appropriate documentation is submitted by the Executive.

5. Absences. The Executive shall be entitled to four (4) weeks paid vacation time per annum and such other time off in accordance with the Company's current procedures and policies, as the same may be amended from time to time.

6. Termination.

a. For Cause. The Company may terminate the Executive's employment at any time for Cause; provided that prior to a termination for Cause the Company shall provide the

Executive with written notice of any such alleged breach and the Executive shall have fourteen (14) days from the delivery of such notification to remedy the breach. "Cause" means (i) an act of personal dishonesty in connection with the Executive's responsibilities as an employee of the Company that is intended to result in a substantial personal enrichment of the Executive; (ii) a plea of guilty or nolo contendere to, or conviction of, a felony which the Board reasonably believes has had or will have a material detrimental effect on the Company's reputation or business; (iii) a breach of any fiduciary duty owed to the Company that has a material detrimental effect on the Company's reputation or business (except in the case of a personal disability); or (iv) willful violations of the Executive's obligations to the Company.

b. Death. This Agreement will terminate automatically upon the death of the Executive.

c. Disability. The Company may terminate the Executive's employment if the Executive suffers from a physical or mental disability. The Executive will only be deemed to have a physical or mental disability if the Executive is unable to perform the essential functions of his position, with reasonable accommodation, for a period of at least one hundred twenty (120) consecutive days because of a physical or mental impairment.

d. Good Reason. The Executive shall be able to terminate this Agreement at any time for Good Reason. For purposes of this Agreement, "Good Reason" shall mean, with respect to the Executive, in each case to the extent not consented by the Executive, (i) a material violation of this Agreement or any other agreement between the Executive and the Company, by the Company or (ii) any assignment of duties to the Executive that would require an unreasonable amount of the Executive's work time and that are duties which customarily would be discharged by persons junior or subordinate in status to the Executive within the Company; provided that the Executive shall not have Good Reason unless the Executive shall have provided the Company written notice describing such violation in sufficiently reasonable detail for the Company to understand the breach alleged to have occurred, and the Company shall fail to cure such alleged breach within thirty (30) days after the Executive has provided the Company the required notice.

e. Compensation in the Event of Termination. In the event that the Executive's employment pursuant to this Agreement terminates for any reason or no reason, the Company shall pay to the Executive within thirty (30) days of such termination: (i) accrued and unpaid Base Salary in accordance with Section 3(a) plus accrued and unpaid amounts for any unused vacation days which have accrued (but not including any unused personal or sick days) and (ii) any unreimbursed expenses payable in accordance with Section 4. If (i) the Executive terminates his employment for Good Reason, (ii) the Executive's employment terminates due to his death or (iii) the Company terminates the Executive's employment without Cause or due to a permanent disability of the Executive (subclauses (i), (ii) and (iii) are hereinafter referred to as a "Termination Event") the Company will have no further obligations to the Executive after termination of this Agreement.

7. Assignment of Intellectual Property Rights. In consideration of his employment, the Executive agrees to be bound by this Section 7.

a. General. The Executive agrees to assign, and hereby assigns, to the Company all of his rights in any Inventions (as hereinafter defined) (including all Intellectual Property Rights (as hereinafter defined) therein or related thereto) that were previously or are made, conceived or reduced to practice, in whole or in part and whether alone or with others, by him during his employment by, or service with, the Company or which arise out of any activity conducted by, for or under the direction of the Company (whether or not conducted at the Company's facilities, working hours or using any of the Company's assets), or which are useful with, or relate directly or indirectly to, any Company Interest (as defined below). The Executive will promptly and fully disclose and provide all of the Inventions described above (the "Assigned Inventions") to the Company.

b. Assurances. The Executive hereby agrees, during the duration of his employment by the Company and thereafter, to further assist the Company, at the Company's expense, to evidence, record and perfect the Company's rights in and ownership of the Assigned Inventions, to perfect, obtain, maintain, enforce and defend any rights specified to be so owned or assigned and to provide and execute all documentation necessary to effect the foregoing.

c. Other Inventions. The Executive agrees to not incorporate, or permit to be incorporated, any Invention conceived, created, developed or reduced to practice by him (alone or with others) prior to or independently of his employment by the Company (collectively, "Prior Inventions" attached hereto as Exhibit C) in any work he performs for the Company, without the Company's prior written consent. If (i) he uses or discloses any Prior Inventions when acting within the scope of his employment (or otherwise on behalf of the Company), or (ii) any Assigned Invention cannot be fully made, used, reproduced or otherwise exploited without using or violating any Prior Inventions, the Executive hereby grants and agrees to grant to the Company a perpetual, irrevocable, worldwide, royalty-free, non-exclusive, sublicenseable right and license to reproduce, make derivative works of, distribute, publicly perform, publicly display, make, have made, use, sell, import, offer for sale, and otherwise exploit and exercise all such Prior Inventions and Intellectual Property Rights therein.

d. Definitions. "Company Interest" means any business of the Company or any product, service, Invention or Intellectual Property Right that is used or under consideration or development by the Company. "Intellectual Property Rights" means any and all intellectual property rights and other similar proprietary rights in any jurisdiction, whether registered or unregistered, and whether owned or held for use under license with any third party, including all rights and interests pertaining to or deriving from: (a) patents and patent applications, reexaminations, extensions and counterparts claiming property therefrom; inventions, invention disclosures, discoveries and improvements, whether or not patentable; (b) computer software and firmware, including data files, source code, object code and software-related specifications and documentation; (c) works of authorship, whether or not copyrightable; (d) trade secrets (including those trade secrets defined in the Uniform Trade Secrets Act and under corresponding statutory law and common law), business, technical and know-how information, non-public information, and confidential information and rights to limit the use of disclosure thereof by any person; (e) trademarks, trade names, service marks, certification marks, service names, brands, trade dress and logos and the goodwill associated therewith; (f) proprietary databases and data

compilations and all documentation relating to the foregoing, including manuals, memoranda and record; (g) domain names; and (h) licenses of any of the foregoing; including in each case any registrations of, applications to register, and renewals and extensions of, any of the foregoing with or by any governmental authority in any jurisdiction. "Invention" means any products, process, ideas, improvements, discoveries, inventions, designs, algorithms, financial models, writings, works of authorship, content, graphics, data, software, specifications, instructions, text, images, photographs, illustration, audio clips, trade secrets and other works, material and information, tangible or intangible, whether or not it may be patented, copyrighted or otherwise protected (including all versions, modifications, enhancements and derivative work thereof).

8. Restrictive Covenants. The Executive acknowledges and agrees that he has and will have access to secret and confidential information of the Company and its subsidiaries ("Confidential Information") and that the following restrictive covenants are necessary to protect the interests and continued success of the Company. As used in this Agreement, Confidential Information includes, without limitation, all information of a technical or commercial nature (such as research and development information, patents, trademarks and copyrights and applications thereto, formulas, codes, computer programs, software, methodologies, processes, innovations, software tools, know-how, knowledge, designs, drawings specifications, concepts, data, reports, techniques, documentation, pricing information, marketing plans, customer and prospect lists, trade secrets, financial information, salaries, business affairs, suppliers, profits, markets, sales strategies, forecasts and personnel information), whether written or oral, relating to the business and affairs of the Company, its customers and/or other business associates which has not been made available to the general public.

a. Confidentiality. The Executive shall not disclose any Confidential Information to any person or entity at any time during or after the termination of this Agreement or the Executive's employment.

b. Non-Compete. In consideration of the employment hereunder, the Executive agrees that during his employment and for a period of two (2) years thereafter, the Executive will not (and will cause any entity controlled by the Executive not to), directly or indirectly, whether or not for compensation and whether or not as an employee, be engaged in or have any financial interest in any business competing with or which may compete with the business of the Company (or with the business of any affiliate of the Company conducting substantially similar activities) (such affiliates together with the Company, collectively, "Wayside") within any state, country, region or locality in which Wayside is then doing business or marketing its products or solicit, advise, provide or sell any services or products of the same or similar nature to services or products of Wayside to any person or entity. For purposes of this Agreement, the Executive will be deemed to be engaged in or to have a financial interest in such competitive business if he is an officer, director, shareholder, joint venturer, agent, salesperson, consultant, investor, advisor, principal or partner, of any person, partnership, corporation, trust or other entity which is engaged in such a competitive business, or if he directly or indirectly performs services for such an entity or if a member of Executive's immediate family beneficially owns an equity interest, or interest convertible into equity, in any such entity; provided, however, that the foregoing will not prohibit the Executive or a member of her immediate family from owning, for the purpose of passive investment, less than 5% of any class of securities of a publicly held corporation.

c. Non-Solicitation/Non-Interference. The Executive agrees that during his employment and for an additional two (2) years after the termination thereof, the Executive shall not (and shall cause any entity controlled by the Executive not to), directly or indirectly, acting as an employee, owner, shareholder, partner, joint venturer, officer, director, agent, salesperson, consultant, advisor, investor or principal of any corporation, trust or other entity: (i) solicit, request or otherwise attempt to induce or influence, directly or indirectly, any present client, distributor, licensor or supplier, or prospective client, distributor, licensor or supplier, of Wayside, or other persons sharing a business relationship with Wayside, to cancel, limit or postpone their business with Wayside, or otherwise take action which might cause a financial disadvantage of Wayside; or (ii) hire or solicit for employment, directly or indirectly, or induce or actively attempt to influence, any employee, officer, director, agent, contractor or other business associate of Wayside, including any of its Affiliates, as such term is defined in the Securities Act of 1933, as amended, to terminate his or her employment or discontinue such person's consultant, contractor or other business association with Wayside or its Affiliates. For purposes of this Agreement the term prospective client shall mean any person, group of associated persons or entity whose business Wayside has solicited at any time prior to the termination of his employment.

d. The Parties agree that they will not in any way disparage each other, including current or former officers, directors and employees, nor will they make or solicit any comments, statements or the like to the media or to others that may be considered to be disparaging, derogatory or detrimental to the good name or business reputation of the other.

e. If the Board, in its reasonable discretion, determines that the Executive violated any of the restrictive covenants contained in this Section 8, the applicable restrictive period shall be increased by the period of time from the commencement of any such violation until the time such violation shall be cured by the Executive to the satisfaction of the Company.

f. In the event that either any scope or restrictive period set forth in this Section 8 is deemed to be unreasonably restrictive or unenforceable in any court proceeding, the scope and/or restrictive period shall be reduced to equal the maximum scope and/or restrictive period allowable under the circumstances.

g. The Executive acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Section 8 by the Executive, the Company may suffer irreparable harm and, therefore, the Company shall be entitled to obtain immediate injunctive relief restraining the Executive from such breach or threatened breach of the restrictive covenants contained in this Section 8. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Executive. The Company acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Section 8 by the Company, the Executive may suffer irreparable reputation harm and, therefore, the Executive shall be entitled to obtain immediate injunctive relief restraining the Company from such breach

or threatened breach of the restrictive covenants contained in this Section 8. Nothing herein shall be construed as prohibiting the Executive from pursuing any other remedies available to him for such breach or threatened breach, including the recovery of damages from the Company.

9. Attorneys' Fees. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled pursuant to the underlying action.

10. No Conflicts. The Executive represents and warrants to the Company that the execution, delivery and performance by the Executive of this Agreement do not conflict with or result in a violation or breach of, or constitute (with or without the giving of notice or the lapse of time or both) a default under any contract, agreement or understanding, whether oral or written, to which the Executive is a party or by which the Executive is bound and that there are no restrictions, covenants, agreements or limitations on the Executive's right or ability to enter into and perform the terms of this Agreement, and the Executive agrees to indemnify and save the Company harmless from any liability, cost or expense, including attorney's fees, based upon or arising out of any breach of this Section 10.

11. Waiver. The waiver by either party of any breach by the other party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by such party. No person acting other than pursuant to a resolution of the Company shall have authority on behalf of the Company to agree to amend, modify, repeal, waive or extend any provision of this Agreement.

12. Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. This Agreement shall inure to the benefit of and be enforceable by the Executive or his legal representatives, executors, administrators and heirs. The Executive may not assign any of the Executive's duties, responsibilities, obligations or positions hereunder to any person and any such purported assignment by the Executive shall be void and of no force and effect.

13. Notices. All notices, requests, demands and other communications which are required or may be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; upon confirmation of transmission if sent by telecopy, electronic or digital transmission; the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to:

If to Executive, addressed to:

William Botti
2522 S. Moonlight Drive
Gold Canyon, AZ 85118

If to the Company, addressed to:

Wayside Technology Group, Inc.
1157 Shrewsbury Avenue
Shrewsbury, New Jersey 07702

or to such other place and with such other copies as either party may designate as to itself by written notice to the others.

14. Construction of Agreement.

a. Governing Law. This Agreement shall be governed by and its provisions construed and enforced in accordance with the internal laws of Delaware without reference to its principles regarding conflicts of law.

b. Severability. In the event that any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

c. Headings. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience of reference only and shall not constitute a part of this Agreement.

d. Entire Agreement. This Agreement and the agreements and documents referenced herein and attached as Exhibits A, B and C contain the entire agreement of the parties concerning the Executive's employment and all promises, representations, understandings, arrangements and prior agreements on such subject are merged herein and superseded hereby.

[Signatures appear on next page]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has set his hand, all as of the day and year first above written.

WAYSIDE TECHNOLOGY GROUP, INC.

By: /s/ Simon Nynens
Name: Simon Nynens
Its: Chief Executive Officer

EXECUTIVE

/s/ William Botti
William Botti

Exhibit C

Prior Inventions: none

Exhibit 31.1

CERTIFICATION

I, Simon F. Nynens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wayside Technology Group, 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 15(d) -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 upon 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 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: May 2, 2014

/s/ Simon F. Nynens
Simon F. Nynens
Chairman of the Board
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Kevin T. Scull, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wayside Technology Group, 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 15(d) -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 upon 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 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: May 2, 2014

/s/ Kevin T. Scull
Kevin T. Scull
Vice President Accounting and Reporting
Interim Chief Financial Officer
(Principal Financial 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 Wayside Technology Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon F. Nynens, 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/ Simon F. Nynens
Simon F. Nynens
Chairman of the Board
President and Chief Executive Officer (Principal Executive Officer)
May 2, 2014

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 Wayside Technology Group, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin T. Scull, 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/ Kevin T. Scull
Kevin T. Scull
Vice President Accounting and Reporting
Interim Chief Financial Officer
(Principal Financial Officer)
May 2, 2014

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.