

Research Solutions, Inc.
Form 10-Q
February 14, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: December 31, 2018

**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. 000-53501

RESEARCH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

11-3797644

(I.R.S. Employer Identification No.)

15821 Ventura Blvd., Suite 165, Encino, California

(Address of principal executive offices)

91436

(Zip Code)

(310) 477-0354

(Registrant's telephone number, including area code)

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(Former name, former address and former fiscal year, if changed since last report)

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
Non-accelerated filer Smaller reporting company
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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date.

Title of Class	Number of Shares Outstanding on February 8, 2019
Common Stock, \$0.001 par value	24,239,013

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PART 1 — FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements****Research Solutions, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets**

	December 31, 2018 (unaudited)	June 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$4,761,528	\$4,908,180
Accounts receivable, net of allowance of \$99,706 and \$115,040, respectively	3,967,597	4,251,251
Prepaid expenses and other current assets	417,837	326,887
Prepaid royalties	461,128	93,336
Total current assets	9,608,090	9,579,654
Other assets:		
Property and equipment, net of accumulated depreciation of \$771,038 and \$749,923, respectively	42,798	59,043
Deposits and other assets	14,386	14,372
Right of use asset, net of accumulated amortization of \$212,658 and \$155,698, respectively	250,364	307,324
Total assets	\$9,915,638	\$9,960,393
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$4,662,622	\$4,686,946
Deferred revenue	2,024,235	1,665,746
Lease liability, current portion	124,409	119,786
Total current liabilities	6,811,266	6,472,478
Long-term liabilities:		
Lease liability, long-term portion	145,514	208,513
Total liabilities	6,956,780	6,680,991
Commitments and contingencies		
Stockholders' equity:		

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Preferred stock; \$0.001 par value; 20,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock; \$0.001 par value; 100,000,000 shares authorized; 24,239,013 and 24,016,999 shares issued and outstanding, respectively	24,239	24,017
Additional paid-in capital	23,360,388	22,904,691
Accumulated deficit	(20,325,024)	(19,554,599)
Accumulated other comprehensive loss	(100,745)	(94,707)
Total stockholders' equity	2,958,858	3,279,402
Total liabilities and stockholders' equity	\$9,915,638	\$9,960,393

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries**Condensed Consolidated Statements of Operations and Other Comprehensive Loss****(Unaudited)**

	Three Months Ended December 31,		Six Months Ended December 31,	
	2018	2017	2018	2017
Revenue:				
Platforms	\$667,545	\$413,404	\$1,256,558	\$801,349
Transactions	6,321,297	6,409,816	12,684,805	12,769,711
Total revenue	6,988,842	6,823,220	13,941,363	13,571,060
Cost of revenue:				
Platforms	122,077	90,362	230,336	174,349
Transactions	4,878,526	4,996,988	9,774,833	9,911,402
Total cost of revenue	5,000,603	5,087,350	10,005,169	10,085,751
Gross profit	1,988,239	1,735,870	3,936,194	3,485,309
Operating expenses:				
Selling, general and administrative	2,643,063	2,391,969	4,813,775	4,929,005
Depreciation and amortization	9,733	46,330	20,848	86,898
Total operating expenses	2,652,796	2,438,299	4,834,623	5,015,903
Loss from operations	(664,557)	(702,429)	(898,429)	(1,530,594)
Other income (expenses):				
Interest expense	-	(3,000)	-	(6,000)
Other income	23,764	11,312	47,249	24,114
Total other income	23,764	8,312	47,249	18,114
Loss from operations before provision for income taxes	(640,793)	(694,117)	(851,180)	(1,512,480)
Provision for income taxes	(7,442)	(9,816)	(16,663)	(21,567)
Loss from continuing operations	(648,235)	(703,933)	(867,843)	(1,534,047)
Gain from sale of discontinued operations	55,698	79,353	97,418	136,502
Net loss	(592,537)	(624,580)	(770,425)	(1,397,545)
Other comprehensive income (loss):				
Foreign currency translation	(1,668)	(6,715)	(6,038)	(15,666)
Comprehensive loss	\$(594,205)	\$(631,295)	\$(776,463)	\$(1,413,211)

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Loss per common share:

Loss per share from continuing operations, basic and diluted	\$ (0.03) \$ (0.03) \$ (0.04) \$ (0.07)
Income per share from discontinued operations, basic and diluted	\$-	\$-	\$0.01	\$0.01	
Net loss per share, basic and diluted	\$ (0.03	) \$ (0.03	) \$ (0.03	) \$ (0.06)
Weighted average common shares outstanding, basic and diluted	23,787,836	23,455,654	23,716,312	23,418,046	

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries**Condensed Consolidated Statement of Stockholders' Equity****For the Six Months Ended December 31, 2018****(Unaudited)**

	Common Stock		Additional	Accumulated	Other	Total
	Shares	Amount	Paid-in Capital	Deficit	Comprehensive Loss	Stockholders' Equity
Balance, July 1, 2018	24,016,999	\$24,017	\$22,904,691	\$(19,554,599)	\$ (94,707)	\$ 3,279,402
Fair value of vested stock options	-	-	39,648	-	-	39,648
Fair value of vested restricted common stock	130,127	130	76,131	-	-	76,261
Repurchase of common stock	(34,200)	(34)	(75,166)	-	-	(75,200)
Common stock issued upon exercise of stock options	3,750	4	(4)	-	-	-
Common stock issued upon exercise of warrants	39,000	39	(39)	-	-	-
Net loss for the period	-	-	-	(177,888)	-	(177,888)
Foreign currency translation	-	-	-	-	(4,370)	(4,370)
Balance, September 30, 2018	24,155,676	24,156	22,945,261	(19,732,487)	(99,077)	3,137,853
Fair value of vested stock options	-	-	375,795	-	-	375,795
Fair value of vested restricted common stock	20,087	20	77,473	-	-	77,493
Repurchase of common stock	(15,800)	(16)	(38,062)	-	-	(38,078)
Common stock issued upon exercise of stock options	79,050	79	(79)	-	-	-

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Common stock issued upon exercise of warrants	-	-	-	-	-	-
Net loss for the period	-	-	-	(592,537)	-	(592,537)
Foreign currency translation	-	-	-	-	(1,668)	(1,668)
Balance, December 31, 2018	24,239,013	\$24,239	\$23,360,388	\$(20,325,024)	\$ (100,745)	\$ 2,958,858

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries**Condensed Consolidated Statement of Stockholders' Equity****For the Six Months Ended December 31, 2017****(Unaudited)**

	Common Stock		Additional	Accumulated	Other	Total
	Shares	Amount	Paid-in	Deficit	Comprehensive	Stockholders'
			Capital		Loss	Equity
Balance, July 1, 2017	23,883,145	\$23,883	\$22,267,327	\$(17,875,858)	\$ (70,729)	) \$ 4,344,623
Fair value of vested stock options	-	-	176,983	-	-	176,983
Fair value of vested restricted common stock	286,647	287	102,739	-	-	103,026
Repurchase of common stock	(34,800)	(35)	(39,637)	-	-	(39,672)
Modification cost of stock options	-	-	6,233	-	-	6,233
Net loss for the period	-	-	-	(772,965)	-	(772,965)
Foreign currency translation	-	-	-	-	(8,951)	(8,951)
Balance, September 30, 2017	24,134,992	24,135	22,513,645	(18,648,823)	(79,680)	) 3,809,277
Fair value of vested stock options	-	-	212,253	-	-	212,253
Fair value of vested restricted common stock	51,655	52	102,261	-	-	102,313
Repurchase of common stock	(52,300)	(52)	(63,231)	-	-	(63,283)
Common stock issued upon exercise of stock options	13,235	13	(13)	-	-	-
Net loss for the period	-	-	-	(624,580)	-	(624,580)
Foreign currency translation	-	-	-	-	(6,715)	(6,715)

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Balance, December 31, 2017 24,147,582 \$24,148 \$22,764,915 \$(19,273,403) \$ (86,395) \$ 3,429,265

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries**Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Six Months Ended December 31,	
	2018	2017
Cash flow from operating activities:		
Net loss	\$(770,425)	\$(1,397,545)
Adjustment to reconcile net loss to net cash used in operating activities of operations:		
Gain from sale of discontinued operations	(97,418)	(136,502)
Depreciation and amortization	20,848	86,898
Amortization of lease right	56,960	54,759
Fair value of vested stock options	415,443	389,236
Fair value of vested restricted common stock	153,754	205,339
Modification cost of stock options	-	6,233
Changes in operating assets and liabilities:		
Accounts receivable	283,654	1,726,200
Prepaid expenses and other current assets	6,468	17,416
Prepaid royalties	(367,792)	(169,863)
Accounts payable and accrued expenses	(24,324)	(1,389,286)
Deferred revenue	358,489	(29,046)
Lease liability	(58,376)	(54,000)
Net cash used in operating activities	(22,719)	(690,161)
Cash flow from investing activities:		
Purchase of property and equipment	(4,154)	(29,284)
Purchase of intangible assets	-	(14,252)
Net cash used in investing activities	(4,154)	(43,536)
Cash flow from financing activities:		
Common stock repurchase and retirement	(113,278)	(102,955)
Net cash used in financing activities	(113,278)	(102,955)
Effect of exchange rate changes	(6,501)	(12,678)
Net decrease in cash and cash equivalents	(146,652)	(849,330)
Cash and cash equivalents, beginning of period	4,908,180	5,773,950
Cash and cash equivalents, end of period	\$4,761,528	\$4,924,620
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$16,663	\$21,567
Cash paid for interest	\$-	\$6,000

See notes to condensed consolidated financial statements

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RESEARCH SOLUTIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended December 31, 2018 and 2017 (Unaudited)

Note 1. Organization, Nature of Business and Basis of Presentation

Organization

Research Solutions, Inc. (the “Company,” “Research Solutions,” “we,” “us” or “our”) was incorporated in the State of Nevada November 2, 2006, and is a publicly traded holding company with two wholly owned subsidiaries: Reprints Desk, Inc., a Delaware corporation and Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico.

Nature of Business

We provide two service offerings to our customers: annual licenses that allow customers to access and utilize certain premium features of our cloud based software-as-a-service (“SaaS”) research intelligence platform (“Platforms”) and the transactional sale of published scientific, technical, and medical (“STM”) content managed, sourced and delivered through the Platform (“Transactions”). Platforms and Transactions are packaged as a single solution that enable life science and other research intensive organizations to speed up research and development activities with faster, single sourced access and management of content and data used throughout the intellectual property development lifecycle.

Platforms

Our cloud-based SaaS research intelligence platform consists of proprietary software and Internet-based interfaces. Legacy functionality allows customers to initiate orders, route orders for the lowest cost acquisition, manage transactions, obtain spend and usage reporting, automate authentication, and connect seamlessly to in-house and third-party software systems. Customers can also enhance the information resources they already own or license and collaborate around bibliographic information.

Additional functionality has recently been added to our Platform in the form of interactive app-like gadgets. An alternative to manual data filtering, identification and extraction, gadgets are designed to gather, augment, and extract data across a variety of formats, including bibliographic citations, tables of contents, RSS feeds, PDF files, XML feeds, and web content. We are rapidly developing new gadgets in order to build an ecosystem of gadgets. Together, these gadgets will provide researchers with an “all in one” toolkit, delivering efficiencies in core research workflows and knowledge creation processes.

Our Platform is deployed as a single, multi-tenant system across our entire customer base. Customers securely access the Platform through online web interfaces and via web service APIs that enable customers to leverage Platform features and functionality from within in-house and third-party software systems. The Platform can also be configured to satisfy a customer’s individual preferences. We leverage our Platform’s efficiencies in scalability, stability and development costs to fuel rapid innovation and competitive advantage.

Transactions

Researchers and knowledge workers in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. These individuals are our primary users. Our Platform provides our customers with a single source to the universe of published STM content that includes over 70 million existing STM articles and over one million newly published STM articles each year.

Our Platform allows customers to find and download digital versions of STM articles that are critical to their research. Customers submit orders for the articles they need which we source and electronically deliver to them generally in under an hour. This service is generally known in the industry as single article delivery or document delivery. We also obtain the necessary permission licenses from the content publisher or other rights holder so that our customer’s use complies with applicable copyright laws. We have arrangements with hundreds of content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes.

Principles of Consolidation

The accompanying financial statements are consolidated and include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 filed with the SEC. The condensed consolidated balance sheet as of June 30, 2018 included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures, including notes, required by GAAP.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

These estimates and assumptions include estimates for reserves of uncollectible accounts, accruals for potential liabilities, assumptions made in valuing equity instruments issued for services or acquisitions, and realization of deferred tax assets.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivable. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$250,000 insurance limit. The Company does not anticipate incurring any losses related to these credit risks. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and intends to maintain allowances for anticipated losses, as required.

Cash denominated in Euros with a US Dollar equivalent of \$89,294 and \$109,585 at December 31, 2018 and June 30, 2018, respectively, was held by Reprints Desk in accounts at financial institutions located in Europe.

The Company has no customers that represent 10% of revenue or more for the three and six months ended December 31, 2018 and 2017.

The Company has no customers that accounted for greater than 10% of accounts receivable at December 31, 2018 and June 30, 2018.

The following table summarizes vendor concentrations:

	Three Months Ended December 31,				Six Months Ended December 31,			
	2018		2017		2018		2017	
Vendor A	18	%	15	%	18	%	15	%
Vendor B	11	%	12	%	11	%	12	%
Vendor C	13	%	12	%	12	%	12	%

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. The Company adopted the guidance of ASC 606 on July 1, 2018. The implementation of ASC 606 had no impact on the condensed consolidated financial statements and no cumulative effect adjustment was recognized.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company derives its revenues from two sources: annual licenses that allow customers to access and utilize certain premium features of our cloud based SaaS research intelligence platform (“Platforms”) and the transactional sale of STM content managed, sourced and delivered through the Platform (“Transactions”).

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

Platforms

We charge a subscription fee that allows customers to access and utilize certain premium features of our Platform. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.

Transactions

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. We recognize revenue from single article delivery services upon delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Deferred Revenue

Customer deposits and billings or payments received in advance of revenue recognition are recorded as deferred revenue.

Cost of Revenue

Platforms

Cost of Platform revenue consists primarily of personnel costs of our operations team, and to a lesser extent managed hosting providers and other third-party service and data providers.

Transactions

Cost of Transaction revenue consists primarily of the respective copyright fee for the permitted use of the content, less a discount in most cases, and to a much lesser extent, personnel costs of our operations team and third-party service providers.

Stock-Based Compensation

The Company periodically issues stock options, warrants and restricted stock to employees and non-employees for services, in capital raising transactions, and for financing costs. The Company accounts for share-based payments under the guidance as set forth in the Share-Based Payment Topic 718 of the FASB Accounting Standards Codification, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, officers, directors, and consultants, including employee stock options, based on estimated fair values. The Company estimates the fair value of stock option and warrant awards to employees and directors on the date of grant using an option-pricing model, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in the Company's Statements of Operations. The Company estimates the fair value of restricted stock awards to employees and directors using the market price of the Company's common stock on the date of grant, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in the Company's Statements of Operations. The Company accounts for share-based payments to non-employees in accordance with Topic 505 of the FASB Accounting Standards Codification, whereby the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) the date at which the necessary performance to earn the equity instruments is complete. Stock-based compensation is based on awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from those estimates.

Foreign Currency

The accompanying consolidated financial statements are presented in United States dollars, the functional currency of the Company. Capital accounts of foreign subsidiaries are translated into US Dollars from foreign currency at their historical exchange rates when the capital transactions occurred. Assets and liabilities are translated at the exchange rate as of the balance sheet date. Income and expenditures are translated at the average exchange rate of the period. Although the majority of our revenue and costs are in US dollars, the costs of Reprints Desk Latin America are in Mexican Pesos. As a result, currency exchange fluctuations may impact our revenue and the costs of our operations. We currently do not engage in any currency hedging activities.

Gains and losses from foreign currency transactions, which result from a change in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated, are included in selling, general and administrative expenses and amounted to a loss of \$10,025 and \$15,005, for the three and six months ended December 31, 2018, respectively and a gain of \$485 and \$12,872, for the three and six months ended December 31, 2017. Cash denominated in Euros with a US Dollar equivalent of \$89,294 and \$109,585 at December 31, 2018 and June 30, 2018, respectively, was held in accounts at financial institutions located in Europe.

The following table summarizes the exchange rates used:

	Six Months Ended		Year Ended	
	December 31,		June 30,	
	2018	2017	2018	2017
Period end Euro : US Dollar exchange rate	1.15	1.20	1.17	1.14
Average period Euro : US Dollar exchange rate	1.15	1.17	1.19	1.09
Period end Mexican Peso : US Dollar exchange rate	0.05	0.05	0.05	0.05
Average period Mexican Peso : US Dollar exchange rate	0.05	0.05	0.05	0.05

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period, excluding unvested restricted common stock. Shares of restricted stock are included in the basic weighted average number of common shares outstanding from the time they vest. Diluted earnings per share is computed by dividing the net income applicable to common stock holders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Shares of

restricted stock are included in the diluted weighted average number of common shares outstanding from the date they are granted. Potential common shares are excluded from the computation when their effect is antidilutive. At December 31, 2018 potentially dilutive securities include options to acquire 3,465,335 shares of common stock, warrants to acquire 1,885,000 shares of common stock and unvested restricted common stock of 398,130. At December 31, 2017 potentially dilutive securities include options to acquire 3,185,435 shares of common stock, warrants to acquire 1,985,000 shares of common stock and unvested restricted common stock of 658,160. The dilutive effect of potentially dilutive securities is reflected in diluted net income per share if the exercise prices were lower than the average fair market value of common shares during the reporting period.

Basic and diluted net loss per common share is the same for the three and six months ended December 31, 2018 and 2017 because all stock options, warrants, and unvested restricted common stock are anti-dilutive.

Recently Issued Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-07, “Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.” The ASU expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The ASU also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Revenue from Contracts with Customers (Topic 606). The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted. The Company is currently assessing the effect that the ASU will have on our financial position, results of operations, and disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Note 3. Line of Credit

The Company entered into a Loan and Security Agreement with Silicon Valley Bank (“SVB”) on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of \$2,500,000, or 80% of eligible accounts receivable. The line of credit matures on December 31, 2019, and is subject to certain financial and performance covenants with which we were in compliance as of December 31, 2018. Financial covenants include maintaining an adjusted quick ratio of unrestricted cash and net accounts receivable, divided by current liabilities plus debt less deferred revenue of at least 1.15 to 1.0, and maintaining tangible net worth of \$1,500,000, plus 50% of net income for the fiscal quarter ended from and after December 31, 2017, plus 50% of the dollar value of equity issuances after October 1, 2017 and the principal amount of subordinated debt. The line of credit bears interest at the prime rate plus 2.25% for periods in which we maintain an adjusted quick ratio of 1.3 to 1.0 (the “Streamline Period”), and at the prime rate plus 5.25% when

a Streamline Period is not in effect. The interest rate on the line of credit was 6.75% as of December 31, 2018. The line of credit is secured by the Company's consolidated assets.

There were no outstanding borrowings under the line as of December 31, 2018 and June 30, 2018, respectively. As of December 31, 2018, there was approximately \$2,153,000 of available credit.

Note 4. Lease Obligations

On December 30, 2016, the Company entered into a 48 month non-cancellable lease for its office facilities that will require monthly payments ranging from \$10,350 to \$11,475 through January 2021. In accounting for the lease, the Company adopted ASU 2016-02, Leases which requires a lessee to record a right-of-use asset and a corresponding lease liability at the inception of the lease initially measured at the present value of the lease payments. The Company classified the lease as an operating lease and determined that the fair value of the lease assets and liability at the inception of the lease was \$463,000 using a discount rate of 3.75%. During the six months ended December 31, 2018, the Company made payments of \$58,376 towards the lease liability. As of December 31, 2018 and June 30, 2018, lease liability amounted to \$269,923 and \$328,299, respectively. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. Rent expense, including real estate taxes, for the six months ended December 31, 2018 and 2017 was \$72,688 and \$70,491, respectively. The right of use asset at June 30, 2018 was \$307,324. During the six months ended December 31, 2018, the Company reflected amortization of right of use asset of \$56,960 related to this lease, resulting in a net asset balance of \$250,364 as of December 31, 2018.

Note 5. Stockholders' Equity

Stock Options

In December 2007, we established the 2007 Equity Compensation Plan (the "2007 Plan") and in November 2017 we established the 2017 Omnibus Incentive Plan (the "2017 Plan"), collectively (the "Plans"). The Plans were approved by our board of directors and stockholders. The purpose of the Plans is to grant stock and options to purchase our common stock, and other incentive awards, to our employees, directors and key consultants. On November 10, 2016, the maximum number of shares of common stock that may be issued pursuant to awards granted under the 2007 Plan increased from 5,000,000 to 7,000,000. On November 21, 2017, the Company's stockholders approved the adoption of the 2017 Plan (previously adopted by our board of directors on September 14, 2017), which authorized a maximum of 1,874,513 shares of common stock that may be issued pursuant to awards granted under the 2017 Plan. Upon adoption of the 2017 Plan we ceased granting incentive awards under the 2007 Plan and commenced granting incentive awards under the 2017 Plan. The shares of our common stock underlying cancelled and forfeited awards issued under the 2017 Plan may again become available for grant under the 2017 Plan. Cancelled and forfeited awards issued under the 2007 Plan that were cancelled or forfeited prior to November 21, 2017 became available for grant under the 2007 Plan. As of December 31, 2018, there were 577,277 shares available for grant under the 2017 Plan, and no shares were available for grant under the 2007 Plan. All incentive stock award grants prior to the adoption of the 2017 Plan on

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November 21, 2017 were made under the 2007 Plan, and all incentive stock award grants after the adoption of the 2017 Plan on November 21, 2017 were made under the 2017 Plan.

The majority of awards issued under the Plan vest immediately or over three years, with a one year cliff vesting period, and have a term of ten years. Stock-based compensation cost is measured at the grant date, based on the fair value of the awards that are ultimately expected to vest, and recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

The following table summarizes vested and unvested stock option activity:

	All Options		Vested Options		Unvested Options	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2018	2,991,835	1.16	2,885,376	1.15	106,459	1.27
Granted	697,000	2.21	250,000	2.40	447,000	2.10
Options vesting	-	-	33,167	1.11	(33,167)	1.11
Exercised	(198,500)	1.34	(198,500)	1.34	-	-
Forfeited/Cancelled	(25,000)	1.05	(16,667)	1.05	(8,333)	1.05
Outstanding at December 31, 2018	3,465,335	\$ 1.36	2,953,376	\$ 1.24	511,959	\$ 2.01

The following table presents the assumptions used to estimate the fair values based upon a Black-Scholes option pricing model of the stock options granted during the six months ended December 31, 2018 and 2017.

	Six Months Ended			
	December 31,		2017	
	2018		2017	
Expected dividend yield	0	%	0	%
Risk-free interest rate	2.82% - 3.00	%	1.45% - 2.23	%
Expected life (in years)	5 - 6		2.6 - 6	
Expected volatility	68% - 69	%	75% - 76	%

The weighted average remaining contractual life of all options outstanding as of December 31, 2018 was 6.10 years. The remaining contractual life for options vested and exercisable at December 31, 2018 was 5.71 years. Furthermore, the aggregate intrinsic value of options outstanding as of December 31, 2018 was \$3,786,241, and the aggregate intrinsic value of options vested and exercisable at December 31, 2018 was \$3,561,340, in each case based on the fair value of the Company's common stock on December 31, 2018.

During the six months ended December 31, 2018, the Company granted 697,000 options to employees with a fair value of \$854,260. The total fair value of options that vested during the six months ended December 31, 2018 was \$415,443 and is included in selling, general and administrative expenses in the accompanying statement of operations. During the six months ended December 31, 2018, the Company issued 82,800 shares of common stock upon the exercise of 198,500 options on a cashless basis.

As of December 31, 2018, the amount of unvested compensation related to stock options was \$506,837 which will be recorded as an expense in future periods as the options vest.

Additional information regarding stock options outstanding and exercisable as of December 31, 2018 is as follows:

Option Exercise Price	Options Outstanding	Remaining Contractual Life (in years)	Options Exercisable
\$ 0.59	8,150	3.50	8,150
0.60	5,000	3.50	5,000
0.65	6,150	3.50	6,150
0.70	225,000	6.93	225,000
0.77	59,500	4.76	59,500
0.80	16,000	6.64	16,000
0.90	25,667	5.31	25,667
0.97	6,000	3.50	6,000
1.00	215,249	1.00	215,249
1.02	227,000	1.93	227,000

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1.05	422,529	7.61	413,278
1.07	53,898	3.79	53,898
1.09	156,165	6.95	148,290
1.10	105,000	6.50	105,000
1.14	3,674	3.50	3,674
1.15	209,400	2.82	209,400
1.20	352,414	8.57	339,581
1.25	32,000	4.12	32,000
1.30	243,000	3.18	243,000
1.50	195,000	3.88	195,000
1.59	35,000	9.36	-
1.75	1,067	3.50	1,067
1.80	140,050	4.40	140,050
1.85	24,000	4.09	24,000
1.95	295,000	9.51	-
1.97	1,422	3.50	1,422
2.40	402,000	9.88	250,000
Total	3,465,335		2,953,376

Warrants

The following table summarizes warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, June 30, 2018	1,985,000	1.25
Granted	-	-
Exercised	(100,000)	1.22
Expired/Cancelled	-	-
Outstanding, December 31, 2018	1,885,000	\$ 1.25
Exercisable, June 30, 2018	1,985,000	\$ 1.25
Exercisable, December 31, 2018	1,885,000	\$ 1.25

The intrinsic value for all warrants outstanding as of December 31, 2018 was \$2,265,000, based on the fair value of the Company's common stock on December 31, 2018. During the six months ended December 31, 2018, the Company issued 39,000 shares of common stock upon the exercise of 100,000 warrants on a cashless basis.

Additional information regarding warrants outstanding and exercisable as of December 31, 2018 is as follows:

Warrant Exercise Price	Warrants Outstanding	Remaining Contractual Life (in years)	Warrants Exercisable
\$ 1.19	50,000	3.23	50,000
1.25	1,835,000	2.71	1,835,000
Total	1,885,000		1,885,000

Restricted Common Stock

Prior to July 1, 2018, the Company issued 1,996,304 shares of restricted common stock to employees valued at \$2,031,026, of which 1,365,361 shares have vested, 214,324 shares with fair value of \$188,203 have been forfeited,

and \$1,482,663 has been recognized as an expense.

During the six months ended December 31, 2018, the Company issued an additional 150,214 shares of restricted stock to employees. These shares vest over a three year period, with a one year cliff vesting period, and remain subject to forfeiture if vesting conditions are not met. The aggregate fair value of the stock awards was \$307,162 based on the market price of our common stock ranging from \$1.99 to \$2.40 per share on the date of grant, which will be amortized over the three-year vesting period.

The total fair value of restricted common stock vesting during the six months ended December 31, 2018 was \$153,754 and is included in selling, general and administrative expenses in the accompanying statements of operations. As of December 31, 2018, the amount of unvested compensation related to issuances of restricted common stock was \$513,568, which will be recognized as an expense in future periods as the shares vest. When calculating basic net income (loss) per share, these shares are included in weighted average common shares outstanding from the time they vest. When calculating diluted net income per share, these shares are included in weighted average common shares outstanding as of their grant date.

The following table summarizes restricted common stock activity:

	Number of Shares	Fair Value	Weighted Average Grant Date Fair Value
Non-vested, June 30, 2018	416,619	360,160	1.08
Granted	150,214	307,162	2.04
Vested	(168,703)	(153,754)	0.99
Forfeited	-	-	-
Non-vested, December 31, 2018	398,130	\$513,568	\$ 1.48

Common Stock Repurchase and Retirement

Effective as of February 8, 2018, the Compensation Committee of our Board of Directors authorized the repurchase, over a 12-month period on the last day of each trading window and otherwise in accordance with our insider trading policies, of up to \$300,000 of outstanding common stock (at prices no greater than \$3.00 per share) from our employees to satisfy their tax obligations in connection with the vesting of stock incentive awards. The actual number of shares repurchased will be determined by applicable employees in their discretion, and will depend on their evaluation of market conditions and other factors.

As of June 30, 2018, 33,800 shares had been repurchased from the employees for an aggregate amount of \$49,785. During the six months ended December 31, 2018, the Company repurchased 50,000 shares of our common stock from employees at an average market price of approximately \$2.27 per share for an aggregate amount of \$113,278. As of December 31, 2018, \$136,898 remains under the 2018 plan to repurchase common stock from its employees. The shares of common stock were surrendered by employees to cover tax withholding obligations with respect to the vesting of restricted stock. Shares repurchased are retired and deducted from common stock for par value and from additional paid in capital for the excess over par value

Note 6. Gain from Sale of Discontinued Operations (Reprints and ePrints business line)

On June 30, 2017, we sold the intangible assets of our Reprints and ePrints business pursuant to an Asset Purchase Agreement dated June 20, 2017. The aggregate net consideration for the sale included earn-out payments of 45% of gross margin over the 30-month period subsequent to the closing date. We have made a policy election to record the contingent consideration when the consideration is determined to be realizable (each 6-month period ending subsequent to the closing date). Realizable contingent consideration amounted to \$97,418 for the six months ended December 31, 2018 and is recorded as a gain from the sale of discontinued operations.

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

Cautionary Notice Regarding Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations for the three and six months ended December 31, 2018 and 2017 should be read in conjunction with our consolidated financial statements and related notes to those financial statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements. All forward-looking statements included in this report are based on information available to us on the date hereof and, except as required by law, we assume no obligation to update any such forward-looking statements.

Overview

Research Solutions was incorporated in the State of Nevada on November 2, 2006, and is a publicly traded holding company with two wholly owned subsidiaries: Reprints Desk, Inc., a Delaware corporation and Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico.

We provide two service offerings to our customers: annual licenses that allow customers to access and utilize certain premium features of our cloud based software-as-a-service (“SaaS”) research intelligence platform (“Platforms”) and the transactional sale of published scientific, technical, and medical (“STM”) content managed, sourced and delivered through the Platform (“Transactions”). Platforms and Transactions are packaged as a single solution that enable life science and other research-intensive organizations to speed up research and development activities with faster, single sourced access and management of content and data used throughout the intellectual property development lifecycle.

Platforms

Our cloud-based SaaS research intelligence platform consists of proprietary software and Internet-based interfaces. Legacy functionality allows customers to initiate orders, route orders for the lowest cost acquisition, manage transactions, obtain spend and usage reporting, automate authentication, and connect seamlessly to in-house and third-party software systems. Customers can also enhance the information resources they already own or license and collaborate around bibliographic information.

Additional functionality has recently been added to our Platform in the form of interactive app-like gadgets. An alternative to manual data filtering, identification and extraction, gadgets are designed to gather, augment, and extract data across a variety of formats, including bibliographic citations, tables of contents, RSS feeds, PDF files, XML feeds, and web content. We are rapidly developing new gadgets in order to build an ecosystem of gadgets. Together, these gadgets will provide researchers with an “all in one” toolkit, delivering efficiencies in core research workflows and knowledge creation processes.

Our Platform is deployed as a single, multi-tenant system across our entire customer base. Customers securely access the Platform through online web interfaces and via web service APIs that enable customers to leverage Platform features and functionality from within in-house and third-party software systems. The Platform can also be configured to satisfy a customer’s individual preferences. We leverage our Platform’s efficiencies in scalability, stability and development costs to fuel rapid innovation and competitive advantage.

Transactions

Researchers and knowledge workers in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. These individuals are our primary users. Our Platform provides our customers with a single source to the universe of published STM content that includes over 70 million existing STM articles and over one million newly published STM articles each year.

Our Platform allows customers to find and download digital versions of STM articles that are critical to their research. Customers submit orders for the articles they need which we source and electronically deliver to them generally in under an hour. This service is generally known in the industry as single article delivery or document delivery. We also obtain the necessary permission licenses from the content publisher or other rights holder so that our customer’s use complies with applicable copyright laws. We have arrangements with hundreds of content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. When making these estimates and assumptions, we consider our historical experience, our knowledge of economic and market factors and various other factors that we believe to be reasonable under the circumstances. Actual results may differ under different estimates and assumptions.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. We adopted the guidance of ASC 606 on July 1, 2018. The implementation of ASC 606 had no impact on the condensed consolidated financial statements and no cumulative effect adjustment was recognized.

We recognize revenue when control of promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We derive our revenues from two sources: annual licenses that allow customers to access and utilize certain premium features of our cloud based SaaS research intelligence platform ("Platforms") and the transactional sale of STM content managed, sourced and delivered through the Platform ("Transactions").

We apply the following five steps in order to determine the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements:

identify the contract with a customer;

identify the performance obligations in the contract;
determine the transaction price;
allocate the transaction price to performance obligations in the contract; and
recognize revenue as the performance obligation is satisfied.

Platforms

We charge a subscription fee that allows customers to access and utilize certain premium features of our Platform. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.

Transactions

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. We recognize revenue from single article delivery services upon delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

Stock-Based Compensation

We periodically issue stock options, warrants and restricted stock to employees and non-employees for services, in capital raising transactions, and for financing costs. We account for share-based payments under the guidance as set forth in the Share-Based Payment Topic 718 of the FASB Accounting Standards Codification, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, officers, directors, and consultants, including employee stock options, based on estimated fair values. We estimate the fair value of stock option and warrant awards to employees and directors on the date of grant using an option-pricing model, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in our Statements of Operations. We estimate the fair value of restricted stock awards to employees and directors using the market price of our common stock on the date of grant, and the value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in our Statements of Operations. We account for share-based payments to non-employees in accordance with Topic 505 of the FASB Accounting Standards Codification, whereby the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) the date at which the necessary performance to earn the equity instruments is complete. Stock-based compensation is based on awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from those estimates.

Recent Accounting Pronouncements

Please refer to footnote 2 to the condensed consolidated financial statements contained elsewhere in this Form 10-Q for a discussion of Recent Accounting Pronouncements.

Quarterly Information (Unaudited)

The following table sets forth unaudited and quarterly financial data for the most recent eight quarters:

	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017
Revenue:								
Platforms	\$667,545	\$589,013	\$528,581	\$489,219	\$413,404	\$387,945	\$318,194	\$270,945
Transactions	6,321,297	6,363,508	6,637,292	6,792,289	6,409,816	6,359,895	6,521,313	6,372,289
Total revenue	6,988,842	6,952,521	7,165,873	7,281,508	6,823,220	6,747,840	6,839,507	6,643,234
Cost of revenue:								
Platforms	122,077	108,259	101,370	103,185	90,362	83,987	71,097	58,362
Transactions	4,878,526	4,896,307	5,118,851	5,259,959	4,996,988	4,914,414	5,060,500	4,997,289
Total cost of revenue	5,000,603	5,004,566	5,220,221	5,363,144	5,087,350	4,998,401	5,131,597	5,055,651
Gross profit:								
Platforms	545,468	480,754	427,211	386,034	323,042	303,958	247,097	212,583
Transactions	1,442,771	1,467,201	1,518,441	1,532,330	1,412,828	1,445,481	1,460,813	1,374,706
Total gross profit	1,988,239	1,947,955	1,945,652	1,918,364	1,735,870	1,749,439	1,707,910	1,587,289
Operating expenses:								
Sales and marketing	445,879	431,417	455,250	522,894	524,587	678,963	682,455	698,341
Technology and product dev.	553,272	499,795	454,053	436,672	454,507	452,816	413,249	396,741
General and administrative	1,180,599	1,118,611	1,062,981	1,091,928	1,098,795	1,131,402	1,220,056	1,120,056
	9,733	11,115	32,731	32,768	46,330	40,568	36,893	33,900

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Depreciation and amortization									
Stock-based comp. expense	453,288	115,909	75,089	114,340	314,565	286,242	112,151	112,3	
Foreign currency transaction loss (gain)	10,025	4,980	14,589	(9,737)	(485)	(12,387)	(6,362)	6,272	
Total operating expenses	2,652,796	2,181,827	2,094,693	2,188,865	2,438,299	2,577,604	2,458,442	2,368	
Other income (expenses and income taxes)	16,322	14,264	12,615	5,238	(1,504)	(1,949)	(6,425)	1,599	
Loss from continuing operations	(648,235)	(219,608)	(136,426)	(265,263)	(703,933)	(830,114)	(756,957)	(779,	
Income from discontinued operations	-	-	-	-	-	-	113,314	141,6	
Gain on sale of discontinued operations	55,698	41,720	51,216	69,277	79,353	57,149	241,196	-	
Net income (loss)	(592,537)	(177,888)	(85,210)	(195,986)	(624,580)	(772,965)	(402,447)	(637,	
Basic income (loss) per common share:									
Loss per share from continuing operations	\$(0.03)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.04)	\$(0.03)	\$(0.03)	
Income per share from discontinued operations	\$-	\$-	\$-	\$-	\$-	\$-	\$0.01	\$-	
Net income (loss) per share	\$(0.03)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.04)	\$(0.02)	\$(0.03)	
Basic weighted average common shares outstanding	23,787,836	23,644,787	23,560,781	23,498,796	23,455,654	23,380,437	23,369,727	23,26	

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Diluted income (loss) per common share:								
Loss per share from continuing operations	\$ (0.03) \$ (0.01) \$ (0.01) \$ (0.01) \$ (0.03) \$ (0.04) \$ (0.03) \$ (0.03
Income per share from discontinued operations	\$-	\$-	\$-	\$-	\$-	\$-	\$0.01	\$-
Net income (loss) per share	\$ (0.03	) \$ (0.01	) \$ (0.01	) \$ (0.01	) \$ (0.03	) \$ (0.04	) \$ (0.02	) \$ (0.03
Diluted weighted average common shares outstanding	23,787,836	23,644,787	23,560,781	23,498,796	23,455,654	23,380,437	23,369,727	23,26

Comparison of the Three and Six Months Ended December 31, 2018 and 2017

Results of Operations

	Three Months Ended December 31,			2018-2017	
	2018	2017	2018-2017 \$ Change	% Change	
Revenue:					
Platforms	\$667,545	\$413,404	\$254,141	61.5	%
Transactions	6,321,297	6,409,816	(88,519)	(1.4))%
Total revenue	6,988,842	6,823,220	165,622	2.4	%
Cost of revenue:					
Platforms	122,077	90,362	31,715	35.1	%
Transactions	4,878,526	4,996,988	(118,462)	(2.4))%
Total cost of revenue	5,000,603	5,087,350	(86,747)	(1.7))%
Gross profit:					
Platforms	545,468	323,042	222,426	68.9	%
Transactions	1,442,771	1,412,828	29,943	2.1	%
Total gross profit	1,988,239	1,735,870	252,369	14.5	%
Operating expenses:					
Sales and marketing	445,879	524,587	(78,708)	(15.0))%
Technology and product development	553,272	454,507	98,765	21.7	%
General and administrative	1,180,599	1,098,795	81,804	7.4	%
Depreciation and amortization	9,733	46,330	(36,597)	(79.0))%
Stock-based compensation expense	453,288	314,565	138,723	44.1	%
Foreign currency transaction loss (gain)	10,025	(485)	10,510	2,167	%
Total operating expenses	2,652,796	2,438,299	214,497	8.8	%
Loss from operations	(664,557)	(702,429)	37,872	5.4	%
Other income (expenses):					
Interest expense	-	(3,000)	3,000	100.0	%
Other income	23,764	11,312	12,452	110.1	%
Total other income	23,764	8,312	15,452	185.9	%
Loss from operations before provision for income taxes	(640,793)	(694,117)	53,324	7.7	%
Provision for income taxes	(7,442)	(9,816)	2,374	24.2	%
Loss from continuing operations	(648,235)	(703,933)	55,698	7.9	%

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Gain from sale of discontinued operations	55,698	79,353	(23,655)	(29.8)%
Net loss	\$(592,537)	\$(624,580)	\$32,043	5.1 %

Six Months Ended December 31,

	2018	2017	2018-2017 \$ Change	2018-2017 % Change	
Revenue:					
Platforms	\$1,256,558	\$801,349	\$455,209	56.8	%
Transactions	12,684,805	12,769,711	(84,906)	(0.7))%
Total revenue	13,941,363	13,571,060	370,303	2.7	%
Cost of revenue:					
Platforms	230,336	174,349	55,987	32.1	%
Transactions	9,774,833	9,911,402	(136,569)	(1.4))%
Total cost of revenue	10,005,169	10,085,751	(80,582)	(0.8))%
Gross profit:					
Platforms	1,026,222	627,000	399,222	63.7	%
Transactions	2,909,972	2,858,309	51,663	1.8	%
Total gross profit	3,936,194	3,485,309	450,885	12.9	%
Operating expenses:					
Sales and marketing	877,296	1,203,550	(326,254)	(27.1))%
Technology and product development	1,053,067	907,323	145,744	16.1	%
General and administrative	2,299,210	2,230,197	69,013	3.1	%
Depreciation and amortization	20,848	86,898	(66,050)	(76.0))%
Stock-based compensation expense	569,197	600,807	(31,610)	(5.3))%
Foreign currency transaction loss (gain)	15,005	(12,872)	27,877	216.6	%
Total operating expenses	4,834,623	5,015,903	(181,280)	(3.6))%
Loss from operations	(898,429)	(1,530,594)	632,165	41.3	%
Other income (expenses):					
Interest expense	-	(6,000)	6,000	100.0	%
Other income	47,249	24,114	23,135	95.9	%
Total other income	47,249	18,114	29,135	160.8	%
Loss from operations before provision for income taxes	(851,180)	(1,512,480)	661,300	43.7	%
Provision for income taxes	(16,663)	(21,567)	4,904	22.7	%
Loss from continuing operations	(867,843)	(1,534,047)	666,204	43.4	%
Gain from sale of discontinued operations	97,418	136,502	(39,084)	(28.6))%
Net loss	\$(770,425)	\$(1,397,545)	\$627,120	44.9	%

Revenue

	Three Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Revenue:				
Platforms	\$667,545	\$431,404	\$254,141	61.5 %
Transactions	6,321,297	6,409,816	(88,519)	(1.4)%
Total revenue	\$6,988,842	\$6,823,220	\$165,622	2.4 %

Total revenue increased \$165,622, or 2.4%, for the three months ended December 31, 2018 compared to the prior year, due to the following:

Category	Impact	Key Drivers
Platforms	\$254,141	Increased due to additional deployments to new and existing customers, and expansion from existing customers. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.
Transactions	\$88,519	Decreased primarily due to a reduction in orders from existing customers, largely offset by orders from new customers.

		Six Months Ended December 31,			
		2018	2017	2018-2017	2018-2017
				\$ Change	% Change
Revenue:					
Platforms	\$ 1,256,558	\$ 801,349		\$ 455,209	56.8 %
Transactions	12,684,805	12,769,711	(84,906)	(0.7)%	
Total revenue	\$ 13,941,363	\$ 13,571,060	\$ 370,303	2.7 %	

Total revenue increased \$370,303, or 2.7%, for the six months ended December 31, 2018 compared to the prior year, due to the following:

Category	Impact	Key Drivers
Platforms	\$455,209	Increased due to additional deployments to new and existing customers, and expansion from existing customers. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.
Transactions	\$84,906	Decreased primarily due to a reduction in orders from existing customers, largely offset by orders from new customers.

Cost of Revenue

		Three Months Ended December 31,			
		2018	2017	2018-2017	2018-2017
				\$ Change	% Change
Cost of Revenue:					
Platforms	\$ 122,077	\$ 90,362		\$ 31,715	35.1 %
Transactions	4,878,526	4,996,988	(118,462)	(2.4)%	
Total cost of revenue	\$ 5,000,603	\$ 5,087,350	\$(86,747)	(1.7)%	

		Three Months Ended December 31,			
		2018	2017	2018-2017	Change *
As a percentage of revenue:					
Platforms	18.3 %	21.9 %		(3.6)%	
Transactions	77.2 %	78.0 %		(0.8)%	
Total	71.6 %	74.6 %		(3.0)%	

* The difference between current and prior period cost of revenue as a percentage of revenue

Total cost of revenue as a percentage of revenue decreased 3.0%, from 74.6% for the previous year to 71.6%, for the three months ended December 31, 2018.

Category	Impact as percentage of revenue	Key Drivers
Platforms	3.6 %	Decreased primarily due to proportionally lower third-party data costs.
Transactions	0.8 %	Decreased primarily due to proportionally lower personnel costs.

	Six Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Cost of Revenue:				
Platforms	\$230,336	\$174,349	\$55,987	32.1 %
Transactions	9,774,833	9,911,402	(136,569)	(1.4)%
Total cost of revenue	\$10,005,169	\$10,085,751	\$(80,582)	(0.8)%

	Six Months Ended December 31,				
	2018		2017		2018-2017 Change *
As a percentage of revenue:					
Platforms	18.3	%	21.8	%	(3.5)%
Transactions	77.1	%	77.6	%	(0.5)%
Total	71.8	%	74.3	%	(2.5)%

* The difference between current and prior period cost of revenue as a percentage of revenue

Total cost of revenue as a percentage of revenue decreased 2.5%, from 74.3% for the previous year to 71.8%, for the six months ended December 31, 2018.

Category	Impact as percentage of revenue	Key Drivers
Platforms	3.5 %	Decreased primarily due to proportionally lower third-party data costs.
Transactions	0.5 %	Decreased primarily due to proportionally lower personnel costs, partially offset by a proportional increase in copyright costs.

Gross Profit

	Three Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Gross Profit:				
Platforms	\$ 545,468	\$ 323,042	\$ 222,426	68.9 %
Transactions	1,442,771	1,412,828	29,943	2.1 %
Total gross profit	\$ 1,988,239	\$ 1,735,870	\$ 252,369	14.5 %

	Three Months Ended December 31,				
	2018		2017		2018-2017 Change *
As a percentage of revenue:					
Platforms	81.7	%	78.1	%	3.6 %
Transactions	22.8	%	22.0	%	0.8 %

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Total 28.4 % 25.4 % 3.0 %

* The difference between current and prior period gross profit as a percentage of revenue

	Six Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Gross Profit:				
Platforms	\$1,026,222	\$627,000	\$399,222	63.7 %
Transactions	2,909,972	2,858,309	51,663	1.8 %
Total gross profit	\$3,936,194	\$3,485,309	\$450,885	12.9 %

	Six Months Ended December 31,			
	2018	2017	2018-2017 Change *	
As a percentage of revenue:				
Platforms	81.7 %	78.2 %	3.5	%
Transactions	22.9 %	22.4 %	0.5	%
Total	28.2 %	25.7 %	2.5	%

* The difference between current and prior period gross profit as a percentage of revenue

Operating Expenses

	Three Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Operating Expenses:				
Sales and marketing	\$445,879	\$524,587	\$(78,708)	(15.0)%
Technology and product development	553,272	454,507	98,765	21.7%
General and administrative	1,180,599	1,098,795	81,804	7.4%
Depreciation and amortization	9,733	46,330	\$(36,597)	(79.0)%
Stock-based compensation expense	453,288	314,565	138,723	44.1%
Foreign currency transaction loss (gain)	10,025	(485)	10,510	2,167%
Total operating expenses	\$2,652,796	\$2,438,299	\$214,497	8.8%

Category	Impact	Key Drivers
Sales and marketing	\$78,708	Decreased primarily due to lower personnel costs.
Technology and product development	\$98,765	Increased primarily due to greater personnel costs.
General and administrative	\$81,804	Increased primarily due to greater personnel costs.

	Six Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Operating Expenses:				
Sales and marketing	\$877,296	\$1,203,550	\$(326,254)	(27.1)%
Technology and product development	1,053,067	907,323	145,744	16.1%
General and administrative	2,299,210	2,230,197	69,013	3.1%
Depreciation and amortization	20,848	86,898	\$(66,050)	(76.0)%
Stock-based compensation expense	569,197	600,807	\$(31,610)	(5.3)%
Foreign currency transaction loss (gain)	15,005	(12,872)	27,877	216.6%
Total operating expenses	\$4,834,623	\$5,015,903	\$(181,280)	(3.6)%

Category	Impact	Key Drivers
Sales and marketing	\$326,254	Decreased primarily due to lower personnel costs.
Technology and product development	\$145,744	Increased primarily due to greater personnel costs.
General and administrative	\$69,013	Increased primarily due to greater personnel costs.

Net Income (Loss)

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	Three Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Net Income (Loss):				
Loss from continuing operations	\$(648,235)	\$(703,933)	\$ 55,698	7.9 %
Income from discontinued operations	55,698	79,353	(23,655)	(29.8)%
Total net loss	\$(592,537)	\$(624,580)	\$ 32,043	5.1 %

Loss from continuing operations decreased \$55,698 or 7.9%, for the three months ended December 31, 2018 compared to the prior year, primarily due to increased gross profit, partially offset by increased operating expenses as described above.

	Six Months Ended December 31,			
	2018	2017	2018-2017 \$ Change	2018-2017 % Change
Net Income (Loss):				
Loss from continuing operations	\$(867,843)	\$(1,534,047)	\$ 666,204	43.4 %
Income from discontinued operations	97,418	136,502	(39,084)	(28.6)%
Total net loss	\$(770,425)	\$(1,397,545)	\$ 627,120	44.9 %

Loss from continuing operations decreased \$666,204 or 43.4%, for the six months ended December 31, 2018 compared to the prior year, primarily due to increased gross profit and decreased operating expenses as described above.

Liquidity and Capital Resources

Consolidated Statements of Cash Flow Data:	Six Months Ended December 31,	
	2018	2017
Net cash used in operating activities	\$ (22,719)	\$ (690,161)
Net cash used in investing activities	(4,154)	(43,536)
Net cash used in financing activities	(113,278)	(102,955)
Effect of exchange rate changes	(6,501)	(12,678)
Net decrease in cash and cash equivalents	(146,652)	(849,330)
Cash and cash equivalents, beginning of period	4,908,180	5,773,950
Cash and cash equivalents, end of period	\$ 4,761,528	\$ 4,924,620

Liquidity

Since our inception, we have funded our operations primarily through private sales of equity securities and the exercise of warrants, which have provided aggregate net cash proceeds to date of approximately \$15,972,000. As of December 31, 2018, we had working capital of \$2,796,824 and stockholders' equity of \$2,958,858. For the six months ended December 31, 2018, we recorded a net loss of \$770,425, and cash used in operating activities was \$22,719. We may incur losses for an indeterminate period and may never sustain profitability. We may be unable to achieve and maintain profitability on a quarterly or annual basis. An extended period of losses and negative cash flow may prevent us from successfully operating and expanding our business.

As of December 31, 2018, we had cash and cash equivalents of \$4,761,528, compared to \$4,908,180 as of June 30, 2018, a decrease of \$146,652. This decrease was primarily due to cash used in financing activities.

Operating Activities

Net cash used in operating activities was \$22,719 for the six months ended December 31, 2018 and resulted primarily from a net loss of \$770,425 and an increase in prepaid royalties of \$367,792, partially offset by an increase in deferred

revenue of \$358,489.

Net cash used in operating activities was \$690,161 for the six months ended December 31, 2017 and resulted primarily from a net loss of \$1,397,545 and a decrease in accounts payable and accrued expenses of \$1,389,286, partially offset by a decrease in accounts receivable of \$1,726,200.

Investing Activities

Net cash used in investing activities was \$4,154 for the six months ended December 31, 2018 and resulted from the purchase of property and equipment.

Net cash used in investing activities was \$43,536 for the six months ended December 31, 2017 and resulted from the purchase of intangible assets and property and equipment.

Financing Activities

Net cash used in financing activities was \$113,278 for the six months ended December 31, 2018 and resulted from the repurchase of common stock.

Net cash used in financing activities was \$102,955 for the six months ended December 31, 2017 and resulted from the repurchase of common stock.

We entered into a Loan and Security Agreement with Silicon Valley Bank (“SVB”) on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of \$2,500,000, or 80% of eligible accounts receivable. The line of credit matures on December 31, 2019, and is subject to certain financial and performance covenants with which we were in compliance as of December 31, 2018. Financial covenants include maintaining an adjusted quick ratio of unrestricted cash and net accounts receivable, divided by current liabilities plus debt less deferred revenue of at least 1.15 to 1.0, and maintaining tangible net worth of \$1,500,000, plus 50% of net income for the fiscal quarter ended from and after December 31, 2017, plus 50% of the dollar value of equity issuances after October 1, 2017 and the principal amount of subordinated debt. The line of credit bears interest at the prime rate plus 2.25% for periods in which we maintain an adjusted quick ratio of 1.3 to 1.0 (the “Streamline Period”), and at the prime rate plus 5.25% when a Streamline Period is not in effect. The interest rate on the line of credit was 6.75% as of December 31, 2018. The line of credit was secured by our consolidated assets.

There were no outstanding borrowings under the line as of December 31, 2018 and June 30, 2018, respectively. As of December 31, 2018, there was approximately \$2,153,000 of available credit.

Non-GAAP Measure – Adjusted EBITDA

In addition to our GAAP results, we present Adjusted EBITDA as a supplemental measure of our performance. However, Adjusted EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Adjusted EBITDA as net income (loss), plus interest expense, other income (expense), foreign currency transaction loss, provision for income taxes, depreciation and amortization, stock-based compensation, and gain on sale of discontinued operations. Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Set forth below is a reconciliation of Adjusted EBITDA to net income (loss) for the three and six months ended December 31, 2018 and 2017:

	Three Months Ended December 31,		
	2018	2017	2018-2017 \$ Change
Net loss	\$(592,537)	\$(624,580)	\$ 32,043
Add (deduct):			
Interest expense	-	3,000	(3,000)
Other (income) expense	(23,764)	(11,312)	(12,452)
Foreign currency transaction loss (gain)	10,025	(485)	10,510
Provision for income taxes	7,442	9,816	(2,374)
Depreciation and amortization	9,733	46,330	(36,597)
Stock-based compensation	453,288	314,565	138,723
Gain on sale of discontinued operations	(55,698)	(79,353)	23,655
Adjusted EBITDA	\$(191,511)	\$(342,019)	\$ 150,508

Six Months Ended December 31,	
2018	2017

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			2018-2017 \$ Change
Net loss	\$(770,425)	\$(1,397,545)	\$ 627,120
Add (deduct):			
Interest expense	-	6,000	(6,000)
Other (income) expense	(47,249)	(24,114)	(23,135)
Foreign currency transaction loss (gain)	15,005	(12,872)	27,877
Provision for income taxes	16,663	21,567	(4,904)
Depreciation and amortization	20,848	86,898	(66,050)
Stock-based compensation	569,197	600,807	(31,610)
Gain on sale of discontinued operations	(97,418)	(136,502)	39,084
Adjusted EBITDA	\$(293,379)	\$(855,761)	\$ 562,382

We present Adjusted EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Adjusted EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. For purposes of this section, the term *disclosure controls and procedures* means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2018, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Inherent Limitations on the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control Over Financial Reporting

In addition, our management with the participation of our principal executive officer and principal financial officer have determined that no change in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Exchange Act) occurred during the quarter ended December 31, 2018 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

Effective as of February 8, 2018, the Compensation Committee of our Board of Directors authorized the repurchase, over a 12-month period on the last day of each trading window and otherwise in accordance with our insider trading policies, of up to \$300,000 of outstanding common stock (at prices no greater than \$3.00 per share) from our employees to satisfy their tax obligations in connection with the vesting of stock incentive awards. The actual number of shares repurchased will be determined by applicable employees in their discretion, and will depend on their evaluation of market conditions and other factors.

During the six months ended December 31, 2018, we repurchased 50,000 shares of our common stock under the repurchase plan at an average market price of approximately \$2.27 per share for an aggregate amount of \$113,278. As of December 31, 2018, \$136,898 remains under the current authorization to repurchase our outstanding common stock

from our employees.

Shares repurchased are retired and deducted from common stock for par value and from additional paid in capital for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares.

The following table summarizes repurchases of our common stock on a monthly basis:

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	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 2018	-	-	-	-
February 2018	-	-	-	\$ 300,000
March 2018	19,750	\$ 1.29	-	\$ 274,523
April 2018	-	-	-	\$ 274,523
May 2018	-	-	-	\$ 274,523
June 2018	14,050	\$ 1.73	-	\$ 250,216
July 2018	-	-	-	\$ 250,216
August 2018	-	-	-	\$ 250,216
September 2018	34,200	\$ 2.20	-	\$ 174,976
October 2018	-	-	-	\$ 174,976
November 2018	-	-	-	\$ 174,976
December 2018	15,800	\$ 2.41	-	\$ 136,898
Total	83,800	\$ 1.95	-	-

¹ Consists of shares of common stock purchased from an employee to satisfy tax obligations in connection with the vesting of stock incentive awards.

Item 6. Exhibits

See “Exhibit Index” on the page immediately following the signature page hereto for a list of exhibits filed as part of this report, which is incorporated herein by reference.

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.

RESEARCH SOLUTIONS, INC.

By: /s/ Peter Victor Derycz

Peter Victor Derycz
Chief Executive Officer (Principal Executive
Officer)

Date: February 14, 2019

By: /s/ Alan Louis Urban

Alan Louis Urban
Chief Financial Officer (Principal Financial and Accounting Officer)

Date: February 14, 2019

EXHIBIT INDEX

Exhibit Number	Description
<u>31.1</u>	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer</u>
<u>31.2</u>	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer</u>
<u>32.1</u>	<u>Section 1350 Certification of Chief Executive Officer *</u>
<u>32.2</u>	<u>Section 1350 Certification of Chief Financial Officer *</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
*	Furnished herewith