

Research Solutions, Inc.  
Form S-1  
July 22, 2016

As filed with the Securities and Exchange Commission on July 22, 2016 Registration No. 333-[ ]

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM S-1

REGISTRATION STATEMENT

UNDER  
THE SECURITIES ACT OF 1933

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RESEARCH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

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|---|---|---|
| <b>Nevada</b>   | <b>7389</b>   | <b>11-3797644</b>                       |
| (State or other jurisdiction of<br>incorporation or organization) | (Primary Standard Industrial<br>Classification Code Number) | (I.R.S. Employer<br>Identification No.) |

**5435 Balboa Boulevard, Suite 202**  
**Encino, CA 91316**  
**(310) 477-0354**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Alan Urban**

**Chief Financial Officer**

**Research Solutions, Inc.**

**5435 Balboa Boulevard, Suite 202  
Encino, CA 91316  
(310) 477-0354**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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*Copies to:*

**Louis Wharton, Esq.**

**Stubbs Alderton & Markiles, LLP**

**15260 Ventura Boulevard, 20<sup>th</sup> Floor**

**Sherman Oaks, California 91403**

**(818) 444-4500**

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**Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Non-accelerated filer  Accelerated filer  Smaller reporting company   
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered <sup>(1)</sup> | Amount to be Registered <sup>(2)(3)</sup> | Proposed maximum offering price per security <sup>(3)</sup> | Proposed maximum aggregate offering price <sup>(3)</sup> | Amount of registration fee |
|---|---|---|--|----------------------------|
| Common Stock, par value \$0.001 per share                         | 5,200,000 shares                          | \$ 1.07   | \$ 5,564,000.00  | \$ 560.30                  |
| Common Stock, par value \$0.001 per share, underlying Warrants    | 1,785,000 shares                          | \$ 1.07   | \$ 1,909,950.00  | \$ 192.33                  |
| Total:  | 6,985,000 shares                          |   | \$ 7,473,950.00  | \$ 752.63                  |

The shares being registered hereunder consist of 5,200,000 shares of common stock and 1,785,000 shares of (1) common stock that may be acquired upon exercise of warrants, in each case which shares of common stock may be sold from time to time by the selling stockholders.

Pursuant to Rule 416 under the Securities Act of 1933, as amended, the shares being registered hereunder include (2) such indeterminate number of shares of common stock and preferred stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions.

Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities (3) Act of 1933, as amended, based on the average of the high and low per share prices of the registrant's common stock as report on the OTC Markets Group's OTCQB market on July 22, 2016.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

Subject to Completion, Dated July 22, 2016

## **6,985,000 Shares**

### Common Stock

This prospectus relates solely to the offer and sale from time to time of up to an aggregate of 6,985,000 shares of our common stock by the selling stockholders identified in this prospectus or a supplement hereto. These shares consist of shares of our common stock that we issued to the selling stockholders pursuant to private placements of our common stock and shares of our common stock issuable upon the exercise of warrants to purchase our common stock.

We are not offering any shares of common stock for sale under this prospectus, and we will not receive any of the proceeds from the sale or other disposition of the shares of common stock offered hereby. The prices at which the selling stockholders may sell the shares in this offering will be determined by the prevailing market price for the shares or in negotiated transactions.

Our common stock is listed on the OTC Markets Group's OTCQB market under the symbol "RSSS." On July 22, 2016, the last reported sale price of our common stock on OTCQB was \$1.09.

***Investing in our common stock involves risks. You should carefully consider the risks described under "Risk Factors" in Item 1A of our most recent Annual Report on Form 10-K and Item 1A of any subsequently filed Quarterly Reports on Form 10-Q (which documents are incorporated by reference herein), as well as the other information contained or incorporated by reference in this prospectus or in any prospectus supplement hereto before making a decision to invest in our common stock. See "Where You Can Find More Information" below.***

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is [ ], 2016

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You should rely only on the information that we have provided or incorporated by reference in this prospectus, any applicable prospectus supplement and any related free writing prospectus that we may authorize to be provided to you. We have not authorized anyone to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus, any applicable prospectus supplement or any related free writing prospectus that we may authorize to be provided to you. You must not rely on any unauthorized information or representation. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus, any applicable prospectus supplement or any related free writing prospectus is accurate only as of the date on the front of the document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus, any applicable prospectus supplement or any related free writing prospectus, or any sale of a security.

## PROSPECTUS SUMMARY

*The following summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless otherwise indicated, (i) the terms “Research Solutions,” “we,” “us” and “our” refer to Research Solutions, Inc., a Nevada corporation, and our two wholly-owned subsidiaries Reprints Desk, Inc., a Delaware corporation (“Reprints Desk”), and Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico (“Reprints Desk Latin America”), and (ii) the term “common stock” refers to the common stock, par value \$0.001 per share, of Research Solutions, Inc., a Nevada corporation. The financial information included herein is presented in United States dollars (“US Dollars”), the functional currency of our company. Although the majority of our revenue and costs are in US Dollars, the revenues and costs of Techniques Appliquées aux Arts Graphiques, S.p.A., our former subsidiary (“TAAG”), are in Euros, and the costs of Reprints Desk Latin America are in Mexican pesos.*

### **Business Overview**

We provide on-demand access to scientific, technical, and medical (“STM”) information for life science companies, academic institutions, and other research-intensive organizations. We provide two types of services to our customers: Article Galaxy, and Reprints and ePrints.

#### ***Article Galaxy***

Article Galaxy, our cloud-based software-as-a-service (“SaaS”) solution, provides our customers with a single source to the universe of published STM content that includes over seventy million existing STM articles and over one million newly published STM articles each year. Article Galaxy allows customers to find and download in digital format STM articles that are critical to their research. In addition, Article Galaxy facilitates customers’ compliance with applicable copyright laws.

Researchers and regulatory personnel in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. They place orders with us for the articles they need and we source and electronically deliver the requested content to them generally in under an hour. This service is known in the industry as single article delivery or document delivery. We also obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. We have



arrangements with numerous 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. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

We deliver research solutions through our Article Galaxy journal article platform (“Article Galaxy”). We have developed proprietary software and Internet-based interfaces that allow customers to initiate orders, manage transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and enhance the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around scientific information.

As a cloud-based SaaS solution, Article Galaxy is deployed as a single system across our entire customer base. Customers access Article Galaxy securely through online web interfaces and via web service APIs, which enable customers to leverage Article Galaxy features and functionality from within proprietary and other 3rd party software systems. Article Galaxy can also be configured to satisfy a customer’s individual preferences in areas such as user experience, business processes, and spend management. As a SaaS solution, Article Galaxy benefits from efficiencies in scalability, stability and development costs, resulting in significant advantages versus multiple instance or installed desktop software alternatives. We leverage these technical efficiencies to fuel rapid innovation and competitive advantage.

### ***Reprints and ePrints***

Marketing departments in life science and other research-intensive organizations generally require large quantities of printed copies of published STM journal articles called “Reprints” that are distributed to physicians and at conferences. We obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. Electronic copies, called “ePrints”, are also used for distribution through the Internet and other electronic mechanisms. We have developed proprietary ePrint software that increases the efficiency of our customers’ content purchases by transitioning from paper Reprints to electronic ePrints, and by improving compliance with applicable copyright laws and promotional regulations within the life science industry. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

### **Competitive Strengths**

### ***Services and Technology***

We have developed proprietary software and Internet-based interfaces that allow customers to initiate orders for accessing full-text research papers 24/7, manage these transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and maximize the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around STM information. Our systems integrate into our customers’ corporate intranets and workflows through the Internet, web services and other integration mechanisms. Our services alleviate the need for our customers to develop internal systems or contact multiple content publishers in order to obtain the content that is critical to their research.

Our services are configured to our customers’ needs and provide a personalized yet turnkey solution that covers the full spectrum of customer requirements; from identifying and locating articles, to facilitating copyright compliance, maximizing information resources already owned, monitoring, tracking usage, and automating end-user authentication. We continue to seek ways to enhance the performance of our existing proprietary software and systems and to develop and implement new technologies that expand the available methods of discovering, obtaining and managing content.

### ***Experienced Management Team***

Our management team has extensive experience in satisfying customers across the information services and STM publishing and technology industries. Further, our CEO has been an innovator in the space for over 20 years.

### ***Customer Loyalty***

The majority of our revenue comes from repeat customers, indicative of our focus on customer satisfaction and quality. A recent study performed by Outsell, an industry research and advisory firm, ranked Reprints Desk first in customer satisfaction (depth and breadth of coverage, fair pricing, and ease of doing business) and loyalty (intention to renew or continue service, and willingness to recommend the service to others).

### ***Industry Presence and Established Relationships***

We have a well-established presence and a network of contacts with our customers, STM publishing partners, and others in the information services space. We have existing arrangements with numerous content publishers that allow us to distribute their content.

### ***Promotion***

We employ a segment-focus marketing approach to challenge existing competition. In pursuit of growth, we invest in vertical integration and channel relationships to increase the value we provide to customers, extend our promotional reach, and decrease customer acquisition costs. We anticipate growth coming from cross-selling into our existing customer base, penetrating new market verticals, and generating market demand and preference from both existing and new customers. While we place emphasis on the life science market, with a focus on pharmaceutical, biotechnology and medical device customers, we are also penetrating the following new markets: legal, academic, aerospace, automotive, semiconductor, electronics, chemicals and food and agriculture.

## **Growth Strategy**

### ***Organic Growth***

We seek to grow our customer base through targeted selling and marketing campaigns consisting of sales calls on potential customers. This strategy is supported by innovative technological systems, competitive pricing and high quality service. We also submit proposals to potential customers in response to requests for proposals, or RFPs. We have invested heavily in our operations to ensure that they are capable of supporting future growth.

### ***Acquisitions and Combinations***

From time to time, and as opportunities arise, we may explore strategic acquisitions and combinations, including the acquisition of customer lists, that bring revenue, profitability, growth potential and additional technology, products, services, operations and/or geographic capabilities to our company.

### ***International Expansion***

We have expanded internationally through increased sales to companies located abroad, particularly in Europe and Japan. From time to time, and as opportunities arise, we may further expand internationally through partnerships or acquisitions.

### ***Publisher Agreements***

We have arrangements with numerous STM content publishers that allow us to distribute their content. In addition, we regularly contact publishers in an attempt to negotiate additional publisher agreements. A typical publisher agreement would allow us to distribute the publisher's content according to a negotiated price list, thereby eliminating the need to contact the publisher and obtain the rights for each individual order. Many of these publishers provide us with electronic access to their content, which allows us to further expedite the delivery of single articles to our customers. In addition, we rely on a small number of content publishers for the majority of our content costs.

## **Organization**

Research Solutions, Inc. was incorporated in the State of Nevada on November 2, 2006. On March 4, 2013, we consummated a merger with DYSC Subsidiary Corporation, our wholly-owned subsidiary, pursuant to which we, in connection with such merger, amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.). Our principal executive offices are located at 5435 Balboa Boulevard, Suite 202, Encino, CA 91316. Our telephone number is (310) 477-0354. We maintain a website at [www.researchsolutions.com](http://www.researchsolutions.com). The information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

## Risks Related to Our Business

Our business is subject to numerous risks, which are highlighted in the section entitled “Risk Factors” immediately following this prospectus summary. Some of these risks include:

- we have a history of operating losses and we may not be able to maintain profitability;

the loss of our largest customers and/or suppliers would significantly reduce our revenues and adversely affect or results of operations;

- our exposure to credit risk on our accounts receivable and prepayments to suppliers is heightened during periods when economic conditions worsen;

negative perceptions or publicity about our key services could have a material adverse effect on our business and financial results;

- the failure of our technology infrastructure could materially harm our business;

we may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies;

our industry is subject to intense competition and rapid technological change, which may result in products or new solutions that are superior to our products under development or other future products we may bring to market from time to time and if we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products may become less useful or obsolete and our operating results will suffer;

- free or relatively inexpensive information sources may reduce demand for our products and services;

we may not be able to operate and grow our business effectively if we lose the services of any of our key personnel or are unable to attract qualified personnel in the future;

a disruption, failure or security compromise of the proprietary software systems, websites and online networks on which we rely would disrupt our business, damage our reputation and adversely affect our revenues and profitability;

our failure to comply with the covenants in our loan agreement could result in an event of default that could adversely affect our financial condition and ability to operate our business as planned;

government regulations related to the Internet could increase our costs of doing business, affect our ability to grow or otherwise negatively affect our business;

our growth strategy may require significant additional resources, which may not be available to us on acceptable terms;

acquisitions, joint ventures and similar strategic relationships may disrupt or otherwise have a material adverse effect on our business; and

unfavorable general economic conditions in the United States, Europe or in other major markets could negatively impact our financial performance.

For further discussion of these and other risks you should consider before making an investment in our common stock, see the section titled "Risk Factors" immediately following this prospectus summary.

## THE OFFERING

Common stock offered 6,985,000 shares by the selling stockholders.

Common stock  
outstanding before this  
offering 23,809,593 shares.

Common stock  
outstanding after this  
offering 23,809,593 shares.

Use of Proceeds We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders. See Use of Proceeds on page 16.

Risk Factors See "Risk Factors" beginning on page 7 and other information included in this prospectus for a discussion of some of the factors you should consider before deciding to purchase shares of our common stock.

OTCQB Market Symbol RSSS

The number of shares of our common stock outstanding after this offering is based on 23,809,593 shares of our common stock outstanding as of June 30, 2016, and excludes:

2,717,193 shares of our common stock issuable upon exercise of outstanding options with a weighted-average exercise price of \$1.16 per share;

1,990,000 shares of our common stock issuable upon exercise of outstanding warrants with a weighted-average exercise price of \$1.25 per share; and

843,786 shares of our common stock reserved for future grants pursuant to our 2007 Equity Compensation Plan, as amended.



**SUMMARY CONSOLIDATED FINANCIAL DATA**

The following tables summarize our consolidated financial data. You should read this summary consolidated financial data together with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes that are included elsewhere in this prospectus.

The consolidated statement of operations data for the years ended June 30, 2015 and 2014 are derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The consolidated statement of operations data for the nine months ended March 31, 2016 and 2015, and the consolidated balance sheet data as of March 31, 2016, are derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. The unaudited condensed consolidated financial statements were prepared on a basis consistent with our audited consolidated financial statements and include, in management’s opinion, all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period.

|   | Years Ended June 30, |                | Nine Months Ended March 31,<br>(unaudited) |              |
|---|----------------------|----------------|--|--------------|
|   | 2015                 | 2014           | 2016                                       | 2015         |
| <b>Consolidated Statement of Operations Data:</b> |                      |                |  |              |
| Revenue   | \$31,900,143         | \$28,483,175   | \$26,066,544                               | \$24,319,637 |
| Cost of revenue                                   | 25,723,942           | 23,029,663     | 21,150,881                                 | 19,606,613   |
| Gross profit                                      | 6,176,201            | 5,453,512      | 4,915,663                                  | 4,713,024    |
| Operating expenses                                | 6,670,653            | 6,508,498      | 5,305,411                                  | 4,780,291    |
| Income (loss) from continuing operations          | (542,185 )           | (1,084,132 )   | (444,869 )                                 | (102,928 )   |
| Income (loss) from discontinued operations        | 1,316,404            | (782,286 )     | -  | 1,152,951    |
| Net income (loss)                                 | \$774,219            | \$(1,866,418 ) | \$(444,869 )                               | \$1,050,023  |
| Net income (loss) per share:                      |                      |                |  |              |
| Basic   | \$0.04               | \$(0.11 )      | \$(0.03 )                                  | \$0.06       |
| Diluted   | \$0.04               | \$(0.11 )      | \$(0.03 )                                  | \$0.06       |
| Weighted average shares outstanding:              |                      |                |  |              |
| Basic   | 17,445,812           | 17,230,311     | 17,642,449                                 | 17,440,275   |
| Diluted   | 17,962,157           | 17,230,311     | 17,642,449                                 | 17,893,217   |

March 31, 2016  
(unaudited)

Consolidated Balance Sheet Data:

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|                            |              |
|----------------------------|--------------|
| Current assets             | \$ 7,749,371 |
| Total assets               | 7,960,986    |
| Total liabilities          | 6,793,454    |
| Total stockholders' equity | 1,167,532    |

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before investing in our common stock. The following summarizes material risks that investors should carefully consider before deciding to buy or maintain an investment in our common stock. Any of the following risks, if they actually occur, would likely harm our business, financial condition and results of operations. As a result, the trading price of our common stock could decline, and investors could lose the money they paid to buy our common stock.*

### **Risks Related to Our Business and Our Industry**

*We have incurred significant losses, and may be unable to maintain profitability. If we continue to incur losses, we may have to curtail our operations, which may prevent us from successfully operating and expanding our business.*

Historically, we have relied upon cash from financing activities to fund substantially all of the cash requirements of our activities and have incurred significant losses and experienced negative cash flow. For the nine months ended March 31, 2016, we incurred a net loss of \$444,869. As of March 31, 2016, we had an accumulated deficit of \$15,529,306. We cannot predict if we will be profitable. We may continue to incur losses for an indeterminate period of time and may be unable to sustain profitability. An extended period of losses and negative cash flow may prevent us from successfully operating and expanding our business. We may be unable to sustain or increase our profitability on a quarterly or annual basis.

*The loss of our largest customers would significantly reduce our revenue and adversely affect our results of operations.*

There were no customers that accounted for greater than 10% of our revenue for the nine months ended March 31, 2016 and 2015. The loss of our largest customers would significantly reduce our revenue, which would have a material adverse effect on our results of operations. We can provide no assurance that these customers will continue to place orders in the future.

***The loss of our largest suppliers of content would significantly reduce our revenue and adversely affect our results of operations.***

Approximately 29% and 41% of our content cost for the nine months ended March 31, 2016 and 2015, respectively, was derived from our three largest suppliers of content. Loss of any or all of these suppliers of content would significantly reduce the attractiveness of our services and our revenue, which would have a material adverse effect on our results of operations. We can provide no assurance that these suppliers of content will continue to supply us with content in the future. Moreover, our arrangements with content providers are non-exclusive. As a result, our content providers can provide the same content to our competitors.

***We are exposed to credit risk on our accounts receivable and prepayments to suppliers of content. This risk is heightened during periods when economic conditions worsen.***

Approximately 13% of our accounts receivable as of June 30, 2015 was receivable from our largest customer. There were no customers that accounted for greater than 10% of our accounts receivable as of March 31, 2016. In addition, we have made prepayments to suppliers of content. While we have procedures to monitor and limit exposure to credit risk on our trade receivables as well as long-term prepayments, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could have a material adverse effect on our results of operations.

***Our services, technology and industry relationships are key assets and competitive advantages of our company and our business may be affected by how we are perceived in the marketplace.***

Our services, technology and industry relationships are key assets that enable us to effectively compete in our industry. Our ability to attract and retain customers is highly dependent upon external perceptions of the quality, efficacy, responsiveness and ease-of-use of our services and business practices, and overall financial condition. Negative perceptions or publicity regarding these matters could damage our reputation with customers and the public, which could make it difficult for us to attract and maintain customers. Adverse developments with respect to our industry may also, by association, negatively impact our reputation. Negative perceptions or publicity could have a material adverse effect on our business and financial results.

***Our business performance is dependent upon the effectiveness of our technology investments, the failure of which could materially impact our business and financial results.***

We have and will continue to undertake significant investments in our technology infrastructure to continually strengthen our position in research and marketing solutions and improve our existing technology platform. We may fail to effectively invest such amounts, or we may invest significant amounts in technologies that do not ultimately assist us in achieving our strategic goals. We may also fail to maintain our technology infrastructure in a manner that allows us to readily meet our customers' needs. If we experience any of these or similar failures related to our technology investments, we will not achieve our expected revenue growth, or desired cost savings, and we could experience a significant competitive disadvantage in the marketplace, which could have a material adverse effect on our business and financial results.

In addition, the failure to continue to invest in our business could result in a material adverse effect on our future financial results. Such investments may include: executing on, and mitigating risks associated with, new product offerings and entrance into new geographic markets; and ensuring continued compatibility of our new platforms and technologies with our customers' networks and systems.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Third parties, including our content providers, may assert claims of infringement of intellectual property rights against us or our customers for which we may be liable or have an indemnification obligation. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business. Although third parties may offer a license to their content, the terms of any offered license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, results of operations or financial condition to be materially and adversely affected. In addition, our licenses are generally non-exclusive, and therefore our competitors may have access to the same content licensed to us. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from providing certain content or that requires us to pay substantial damages, including treble damages if we are found to have willfully infringed the claimant's copyrights, royalties or other fees. Any of these events could seriously harm our business, operating results and financial condition.

***Our industry is subject to intense competition and rapid technological change, which may result in products or new solutions that are superior to our products or solutions under development. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products or solutions may become less useful or obsolete and our operating results will suffer.***

The industry in which we operate in general is subject to intense and increasing competition and rapidly evolving technologies. Because our products are expected to have long development cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to demonstrate the advantages of our products and solutions.

Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render our products under development, or any future solutions we may have, and related technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our products or that would render our solutions and related technologies obsolete. We may not have or be able to raise or develop the financial resources, technical expertise, or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our products and solutions.

***Increased accessibility of free or relatively inexpensive information sources may reduce demand for our products and services.***

In recent years, more public sources of free or relatively inexpensive information have become available, particularly through the Internet, and this trend is expected to continue. For example, some governmental and regulatory agencies have increased the amount of information they make publicly available at no cost. Public sources of free or relatively inexpensive information may reduce demand for our products and services. Our financial results may be adversely affected if our customers choose to use these public sources as a substitute for our products or services.

***We depend on the services of Peter Victor Derycz and other key personnel, and may not be able to operate and grow our business effectively if we lose their services or are unable to attract qualified personnel in the future.***

Our success depends in part upon the continued service of Peter Victor Derycz, who is our President and Chief Executive Officer. Mr. Derycz is critical to the overall management of our company as well as to the development of our technologies, our culture and our strategic direction and is instrumental in developing and maintaining close ties with our customer base. We also rely heavily on our senior management team because they have substantial experience with our diverse service offerings and business strategies. In addition, we rely on our senior management team to identify internal expansion and external growth opportunities. Our ability to retain senior management and other key personnel is therefore very important to our future success. We have employment agreements with our senior management, but these employment agreements do not ensure that they will not voluntarily terminate their employment with us. In addition, our key personnel are subject to non-solicitation and confidential information restrictions. We do not have key man insurance for any of our current management or other key personnel. The loss of any key personnel would require the remaining key personnel to divert immediate attention to seeking a replacement. Competition for senior management personnel is intense, and fit is important to us. Our inability to find a suitable replacement for any departing executive officer or key employee on a timely basis could adversely affect our ability to operate and grow our business.

***We rely on our proprietary software systems, and our websites and online networks, and a disruption, failure or security compromise of these systems would disrupt our business, damage our reputation and adversely affect our revenue and profitability.***

Our proprietary software systems are critical to our business because they enable the efficient and timely service of a large number of customer orders. Similarly, we rely on our websites, online networks, and email systems to obtain content and deliver customer orders, and provide timely, relevant and dependable business information to our customers. Therefore, network or system shutdowns caused by events such as computer hacking, sabotage, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as loss of service from third parties, power outages, natural disasters and similar events, could affect our ability to store, handle and deliver data and services to our customers. Any such interruption of our operations could negatively impact customer satisfaction and revenue.

***Breaches of our data security systems or unintended disclosure of our customer data could result in large expenditures to repair or replace such systems, to remedy any security breaches and to protect us from similar events in the future.***

In addition to shutdowns, our systems are subject to risks caused by misappropriation, misuse, leakage, falsification and accidental release or loss of information, including sensitive data maintained in our proprietary software systems

and credit card information of our customers. As a result of the increasing awareness concerning the importance of safeguarding information, ongoing attempts to hack and misuse companies' information, and legislation that continues to be adopted regarding the protection and security of information, information-related costs and risks are increasing.

Disruptions or security compromises of our systems could result in large expenditures to repair or replace such systems, to remedy any security breaches and protect us from similar events in the future. We also could be exposed to negligence claims or other legal proceedings brought by our customers or their clients, and we could incur significant legal expenses and our management's attention may be diverted from our operations in defending ourselves against and resolving lawsuits or claims. In addition, if we were to suffer damage to our reputation as a result of any system failure or security compromise, our revenue and profitability could be adversely affected.



***Our failure to comply with the covenants contained in our loan agreement could result in an event of default that could adversely affect our financial condition and ability to operate our business as planned.***

We currently have a line of credit with Silicon Valley Bank, maturing on October 31, 2017, under which there were no outstanding borrowings as of June 30, 2016. Our loan agreement contains, and any agreements to refinance our debt likely will contain, financial and restrictive covenants. While we were in compliance with these covenants as of June 30, 2016, we failed to comply with the tangible net worth covenant in December 2011 and July 2013. On both occasions the parties agreed to amend and reset the minimum tangible net worth required under the covenant. Our failure to comply with these covenants in the future may result in an event of default, which if not cured or waived, could result in the bank preventing us from accessing availability under our line of credit and requiring us to repay any outstanding borrowings. There can be no assurance that we will be able to obtain waivers of future covenant violations or that such waivers will be available on commercially acceptable terms.

In addition, the indebtedness under our loan agreement is secured by a security interest in substantially all of our tangible and intangible assets, and therefore, if we are unable to repay such indebtedness the bank could foreclose on these assets and sell the pledged equity interests, which would adversely affect our ability to operate our business. If any of these were to occur, we may not be able to continue operations as planned, implement our planned growth strategy or react to opportunities for or downturns in our business.

***Government regulations related to the Internet could increase our cost of doing business, affect our ability to grow or may otherwise negatively affect our business.***

Governmental agencies and federal and state legislatures have adopted, and may continue to adopt, new laws and regulatory practices in response to the increasing use of the Internet and other online services. These new laws may be related to issues such as online privacy, copyrights, trademarks and service mark, sales taxes, fair business practices, domain name ownership and the requirement that our operating units register to do business as foreign entities or otherwise be licensed to do business in jurisdictions where they have no physical location or other presence. In addition, these new laws, regulations or interpretations relating to doing business through the Internet could increase our costs materially and adversely affect our revenue and results of operations.

***We may be adversely affected by changes in legislation and regulation.***

Laws relating to communications, data protection, e-commerce, direct marketing and digital advertising and the use of public records have become more prevalent in recent years. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in the United

States, Europe and other jurisdictions, may impose limits on our collection and use of certain kinds of information and our ability to communicate such information effectively to our customers. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which any changes might adversely affect us.

***Our growth strategy may require significant additional resources, and such additional resources might not be available on terms acceptable to us, if at all, which may in turn hamper our growth and adversely affect our business.***

Our growth strategy will require us to significantly expand the capabilities of our administrative and operational resources. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new technology, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to undertake equity, equity-linked or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our failure to successfully manage our growth could result in our sales not increasing commensurately with our capital investments. If we are unable to successfully manage our growth, we may be unable to achieve our goals.

***Acquisitions, joint ventures or similar strategic relationships may disrupt or otherwise have a material adverse effect on our business and financial results.***

As part of our strategy, we may explore strategic acquisitions and combinations, including the acquisition of customer lists, or enter into joint ventures or similar strategic relationships. These transactions are subject to the following risks:

- Acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business, distract our management and make it difficult to maintain our standards, controls and procedures;

- We may not be able to integrate successfully the services, content, products and personnel of any such transaction into our operations;

- We may not derive the revenue improvements, cost savings and other intended benefits of any such transaction; and

- There may be risks, exposures and liabilities of acquired entities or other third parties with whom we undertake a transaction, that may arise from such third parties' activities prior to undertaking a transaction with us.

Our prior acquisitions have resulted in significant impairment charges and have operated at losses. Our acquisition of Pools Press, Inc. ("Pools") in 2010 resulted in an impairment loss of \$223,385 during the year ended June 30, 2012 and operations were discontinued in June 2013.

Our acquisition of TAAG in 2011 resulted in an impairment loss of \$1,602,638 during the year ended June 30, 2012 and TAAG has incurred significant net losses since the acquisition.

On August 18, 2014, our board of directors authorized the immediate disposal of our former subsidiary TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements. In accordance with consolidation guidance we derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of \$1,711,748 recorded on the consolidated statements of operations for the year ended June 30, 2015. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussion with French counsel

that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.

We can provide no assurance that future acquisitions, joint ventures or strategic relationships will be accretive to our business overall or will result in profitable operations.

***We are subject to risks related to our foreign operations which could adversely affect our operations and financial performance.***

We have an operational and administrative support organization in Mexico, and sell our services worldwide. Foreign operations are subject to various risks which could have a material adverse effect on those operations or our business as a whole, including: exposure to local economic conditions; exposure to local political conditions; currency exchange rate fluctuations; reliance of local management; and additional potential costs of complying with rules and regulations of foreign jurisdictions. Any adverse consequence resulting from the materialization of the foregoing risks would adversely affect our financial performance and results of operations.

***Unfavorable general economic conditions in the United States, Europe, or in other major markets could negatively impact our financial performance.***

Unfavorable general economic conditions, such as a recession or economic slowdown in the United States, Europe, Japan, or in one or more of our other major markets, could negatively affect demand for our services and our results of operations. Under difficult economic conditions, businesses may seek to reduce spending on our services, or shift away from our services to in-house alternatives.

## **Risks Relating to Ownership of Our Common Stock**

***We cannot predict the extent to which an active public trading market for our common stock will develop or be sustained. If an active public trading market does not develop or cannot be sustained, you may be unable to liquidate your investment in our common stock.***

We cannot predict the extent to which an active public market for our common stock will develop or be sustained due to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors, and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares of common stock until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that an active public trading market for our common stock will develop or be sustained. If such a market cannot be sustained, you may be unable to liquidate your investment in our common stock.

***Our common stock may be subject to significant price volatility which may have an adverse effect on your ability to liquidate your investment in our common stock.***

The market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. The potential volatility in our share price is attributable to a number of factors. First, our common shares may be sporadically and/or thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer that could better absorb those sales without adverse impact on its share price. Secondly, an investment in us is a speculative or “risky” investment due to our lack of meaningful profits to date and uncertainty of future profits. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer.

***We have not paid cash dividends in the past and do not expect to pay cash dividends in the foreseeable future. Any return on your investment may be limited to increases in the market price of our common stock.***

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends on our common stock in the foreseeable future. In addition, our Loan and Security Agreement with Silicon Valley Bank prohibits us from paying cash dividends. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment might only occur if the market price of our common stock appreciates.

***Voting power of a significant percentage of our common stock is held by our president and chief executive officer, and his brother-in-law, who together are able to exercise significant influence over the outcome of matters to be voted on by our stockholders.***

As of June 30, 2016, Peter Victor Derycz, our President and Chief Executive Officer, had voting power equal to approximately 15% of votes eligible to be cast at a meeting of our stockholders. Paul Kessler, the brother-in-law of Mr. Derycz, exercises investment and voting control over the shares held by Bristol Investment Fund, Ltd., and had, as of June 30, 2016, voting power equal to approximately 20% of votes eligible to be cast at a meeting of our stockholders. As a result of their significant ownership interests, Mr. Derycz and Mr. Kessler together currently have the ability to exert significant influence over matters submitted to a vote of all of our stockholders. They may also have interests that differ from yours and may vote in a manner that is adverse to your interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

***The exercise of outstanding options and warrants to purchase our common stock could substantially dilute your investment.***

Under the terms of our outstanding options and warrants to purchase our common stock issued to employees and others, the holders are given an opportunity to profit from a rise in the market price of our common stock that, upon the exercise of the options and/or warrants, could result in dilution in the interests of our other stockholders.

***The market price of our common stock and the value of your investment could substantially decline if our warrants or options are exercised and our common stock is issued and resold into the market, or if a perception exists that a substantial number of shares will be issued upon exercise of our warrants and option and then resold into the market.***

If the exercise prices of our warrants or options are lower than the price at which you made your investment, immediate dilution of the value of your investment will occur. In addition, sales of a substantial number of shares of common stock issued upon exercise of our warrants and options, or even the perception that such sales could occur, could adversely affect the market price of our common stock. You could, therefore, experience a substantial decline in the value of your investment as a result of both the actual and potential exercise of our warrants or options.

***Because we are subject to the “Penny Stock” rules, the level of trading activity in our common stock may be reduced.***

Our common stock is currently quoted on the OTC Markets Group’s OTCQB market under the symbol “RSSS.” As of June 30, 2016, the last reported sale price of our common stock on the OTCQB was \$1.08. As a result, our common stock constitutes a “Penny Stock.” Broker-dealer practices in connection with transactions in Penny Stocks are regulated by rules adopted by the Securities and Exchange Commission, or SEC. Penny Stocks are generally equity securities with a price per share of less than \$5.00 (other than securities registered on certain national exchanges). The Penny Stock rules require a broker-dealer, prior to a transaction in Penny Stocks not exempt from the rules, to deliver a standardized risk disclosure document that provides information about Penny Stocks and the nature and level of risks in the Penny Stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the Penny Stock, the compensation of the broker-dealer and the salesperson in the transaction, and monthly accounting statements showing the market value of each Penny Stock held in the customer’s account. In addition, the broker-dealer must make a special written determination that the Penny Stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in a Penny Stock, such as our common stock, and investors in our common stock may find it difficult to sell their shares.

***Because our common stock is not currently listed on a national securities exchange, you may find it difficult to dispose of or obtain quotations for our common stock.***

Our common stock is quoted on the OTCQB under the symbol "RSSS." Because our stock is quoted on the OTCQB rather than on a national securities exchange, you may find it difficult to either dispose of, or to obtain quotations as to the price of, our common stock.

***Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could result in a restatement of our financial statements, cause investors to lose confidence in our financial statements and our company and have a material adverse effect on our business and stock price.***

We produce our financial statements in accordance with accounting principles generally accepted in the United States, or GAAP. Effective internal controls are necessary for us to provide reliable financial reports to help mitigate the risk of fraud and to operate successfully as a publicly traded company. As a public company, we are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404. Further, Section 404 requires annual management assessments of the effectiveness of our internal controls over financial reporting.



Testing and maintaining internal controls can divert our management's attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal controls over financial reporting, investors could lose confidence in our reported financial information and our company, which could result in a decline in the market price of our common stock, and cause us to fail to meet our reporting obligations in the future, which in turn could impact our ability to raise additional financing if needed in the future.

***Our board of directors has broad discretion to issue additional securities.***

We are entitled under our certificate of incorporation to issue up to 100,000,000 shares of common stock and 20,000,000 shares of "blank check" preferred stock, although these amounts may change in the future subject to stockholder approval. Shares of our blank check preferred stock provide our board of directors' broad authority to determine voting, dividend, conversion, and other rights. As of June 30, 2016 we had issued and outstanding 23,809,593 shares of common stock and we had 5,550,979 shares of common stock reserved for future grants under our equity compensation plans and for issuances upon the exercise or conversion of currently outstanding options, warrants and convertible securities. As of June 30, 2016, we had no shares of preferred stock issued and outstanding. Accordingly, as of June 30, 2016, we could issue up to 70,639,428 additional shares of common stock and 20,000,000 additional shares of "blank check" preferred stock. Any additional stock issuances could be made at a price that reflects a discount or premium to the then-current market price of our common stock. In addition, in order to raise capital, we may need to issue securities that are convertible into or exchangeable for a significant amount of our common stock. Our board may generally issue those common and preferred shares, or convertible securities to purchase those shares, without further approval by our stockholders. Any preferred shares we may issue could have such rights, preferences, privileges and restrictions as may be designated from time-to-time by our board, including preferential dividend rights, voting rights, conversion rights, redemption rights and liquidation provisions. We may also issue additional securities to our directors, officers, employees and consultants as compensatory grants in connection with their services, both in the form of stand-alone grants or under our stock incentive plans. The issuance of additional securities may cause substantial dilution to our stockholders.

***Our articles of incorporation, bylaws and Nevada law have anti-takeover provisions that could discourage, delay or prevent a change in control, which may cause our stock price to decline.***

Our articles of incorporation, bylaws and Nevada law contain provisions which could make it more difficult for a third party to acquire us, even if closing such a transaction would be beneficial to our stockholders. We are currently authorized to issue up to 20,000,000 shares of "blank check" preferred stock. This preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our board of directors without further action by stockholders. The terms of any series of preferred stock may include voting rights (including the right to vote as a series on particular matters), preferences as to dividend, liquidation, conversion and redemption rights and sinking fund provisions. No shares of our preferred stock are currently outstanding. The issuance of any preferred

stock could materially adversely affect the rights of the holders of our common stock, and therefore, reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party and thereby preserve control by current management.

Provisions of our articles of incorporation, bylaws and Nevada law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, our articles of incorporation, our bylaws and Nevada law, as applicable, among other things, provide our board of directors with the ability to alter our bylaws without stockholder approval, and provide that vacancies on our board of directors may be filled by a majority of directors in office, although less than a quorum.

We may become subject to Nevada's control share acquisition laws (Nevada Revised Statutes 78.378 -78.3793), which prohibit an acquirer, under certain circumstances, from voting shares of a corporation's stock after crossing specific threshold ownership percentages, unless the acquirer obtains the approval of the issuing corporation's stockholders. We are also subject to Nevada's Combination with Interested Stockholders Statute (Nevada Revised Statutes 78.411 -78.444) which prohibits an interested stockholder from entering into a "combination" with the corporation, unless certain conditions are met. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of our company to first negotiate with our board of directors. These provisions may delay or prevent someone from acquiring or merging with us, which may cause the market price of our common stock to decline.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business” contains forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- our future financial and operating results;
- our intentions, expectations and beliefs regarding anticipated growth, market penetration and trends in our business;
- our ability to attract and retain customers;
- our dependence on growth in our customers’ businesses;
- the effects of changing customer needs in our market;
- the effects of market conditions on our stock price and operating results;
- our ability to maintain our competitive advantages against competitors in our industry;
- our ability to timely and effectively adapt our existing technology and have our technology solutions gain market acceptance;
- our ability to introduce new offerings and bring them to market in a timely manner;
- our ability to maintain, protect and enhance our intellectual property;
- the effects of increased competition in our market and our ability to compete effectively;

our plans to use the proceeds from this offering;

our expectations concerning relationships with customers and other third parties;

the attraction and retention of qualified employees and key personnel;

future acquisitions of or investments in complementary companies or technologies; and

our ability to comply with evolving legal standards and regulations.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

This prospectus includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management's knowledge of such industries has been developed through its experience and participation in these industries. While our management believes the third party sources referred to in this prospectus are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this prospectus or ascertained the underlying economic assumptions relied upon by such sources. Internally prepared and third party market forecasts, in particular, are estimates only and may be inaccurate, especially over long periods of time. Furthermore, references in this prospectus to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this prospectus.

#### USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

#### DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. In addition, our Loan and Security Agreement with Silicon Valley Bank prohibits us from paying cash dividends. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future, if at all. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

## MARKET PRICE INFORMATION

Our common stock is quoted on the OTCQB under the symbol "RSSS." The following table sets forth, for the periods indicated, the reported high and low bid quotations for our common stock as reported on the OTCQB. The bid prices reflect inter-dealer quotations, do not include retail markups, markdowns, or commissions, and do not necessarily reflect actual transactions.

|  | High Bid | Low Bid |
|--|----------|---------|
| Year Ended June 30, 2014                 |          |         |
| First Quarter (July 1 – September 30)    | \$ 1.90  | \$ 1.45 |
| Second Quarter (October 1 – December 31) | \$ 2.06  | \$ 1.40 |
| Third Quarter (January 1 – March 31)     | \$ 2.35  | \$ 1.51 |
| Fourth Quarter (April 1 – June 30)       | \$ 1.96  | \$ 0.92 |
| Year Ended June 30, 2015                 |          |         |
| First Quarter (July 1 – September 30)    | \$ 1.22  | \$ 0.57 |
| Second Quarter (October 1 – December 31) | \$ 0.95  | \$ 0.58 |
| Third Quarter (January 1 – March 31)     | \$ 1.10  | \$ 0.66 |
| Fourth Quarter (April 1 – June 30)       | \$ 1.16  | \$ 0.87 |
| Year Ended June 30, 2016                 |          |         |
| First Quarter (July 1 – September 30)    | \$ 1.05  | \$ 0.70 |
| Second Quarter (October 1 – December 31) | \$ 0.89  | \$ 0.55 |
| Third Quarter (January 1 – March 31)     | \$ 0.88  | \$ 0.49 |
| Fourth Quarter (April 1 – June 30)       | \$ 1.20  | \$ 0.84 |

As of June 30, 2016, we had a total of 23,809,593 shares of our common stock outstanding and the closing sales price was \$1.08 per share on the OTCQB. We had 42 record holders of our common stock as of June 30, 2016. Because brokers and other institutions hold shares on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this prospectus. 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" and elsewhere in this prospectus.*

### **Overview**

Research Solutions was incorporated in the State of Nevada on November 2, 2006, and in November 2006 entered into a Share Exchange Agreement with Reprints Desk. At the closing of the transaction contemplated by the Share Exchange Agreement, Research Solutions acquired all of the outstanding shares of Reprints Desk from its stockholders and issued 8,000,003 shares of common stock to the former stockholders of Reprints Desk. Following completion of the exchange transaction, Reprints Desk became a wholly-owned subsidiary of Research Solutions. Reprints Desk provides Article Galaxy and Reprint and ePrint services.

On July 24, 2012, we formed Reprints Desk Latin America to provide operational and administrative support services to Reprints Desk.

On March 4, 2013, we consummated a merger with DYSC Subsidiary Corporation, our wholly-owned subsidiary, pursuant to which we, in connection with such merger, amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.).

On February 28, 2007, we entered into an agreement with Pools Press, Inc., an Illinois corporation, pursuant to which we acquired 75% of the issued and outstanding common stock of Pools for consideration of \$616,080. We purchased the remaining interest in Pools that we did not already own on August 31, 2010. The results of Pools' operations have been included in our consolidated financial statements since March 1, 2007. On January 1, 2012, Pools merged with and into Reprints Desk. Pools provided printing services, specializing in reprints, until operations were discontinued in June 2013.

On March 31, 2011, we entered into an agreement with Fimmotaag, S.p.A. (“Fimmotaag”), a privately held company domiciled in France, pursuant to which we acquired 100% of the issued and outstanding common stock of TAAG in exchange for 336,921 shares of our common stock in addition to future payments payable at the option of Fimmotaag in cash or our common stock under the terms of the purchase agreement. On March 28, 2013, we entered into a Settlement Agreement with Fimmotaag and its two principal owners (the “Settlement Agreement”), pursuant to which Fimmotaag agreed to return 336,921 shares of our common stock to us and to forego future payments payable to Fimmotaag by us pursuant to the terms of the agreement under which we acquired TAAG from Fimmotaag.

On August 18, 2014, our board of directors authorized the immediate disposal of our former subsidiary TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

In accordance with consolidation guidance we derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of \$1,548,295 recorded on the consolidated statements of operations for the nine months ended March 31, 2015. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussions with French counsel that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.



We provide on-demand access to scientific, technical, and medical information for life science companies, academic institutions, and other research-intensive organizations. We provide two types of services to our customers: Article Galaxy, and Reprints and ePrints.

### *Article Galaxy*

Article Galaxy, our cloud-based software-as-a-service (“SaaS”) solution, provides our customers with a single source to the universe of published STM content that includes over seventy million existing STM articles and over one million newly published STM articles each year. Article Galaxy allows customers to find and download in digital format STM articles that are critical to their research. In addition, Article Galaxy facilitates customers’ compliance with applicable copyright laws.

Researchers and regulatory personnel in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. They place orders with us for the articles they need and we source and electronically deliver the requested content to them generally in under an hour. This service is known in the industry as single article delivery or document delivery. We also obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. We have arrangements with numerous 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. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

We deliver research solutions through our Article Galaxy journal article platform (“Article Galaxy”). We have developed proprietary software and Internet-based interfaces that allow customers to initiate orders, manage transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and enhance the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around scientific information.

As a cloud-based SaaS solution, Article Galaxy is deployed as a single system across our entire customer base. Customers access Article Galaxy securely through online web interfaces and via web service APIs, which enable customers to leverage Article Galaxy features and functionality from within proprietary and other 3rd party software systems. Article Galaxy can also be configured to satisfy a customer’s individual preferences in areas such as user experience, business processes, and spend management. As a SaaS solution, Article Galaxy benefits from efficiencies in scalability, stability and development costs, resulting in significant advantages versus multiple instance or installed desktop software alternatives. We leverage these technical efficiencies to fuel rapid innovation and competitive

advantage.

### ***Reprints and ePrints***

Marketing departments in life science and other research-intensive organizations generally require large quantities of printed copies of published STM journal articles called “Reprints” that are distributed to physicians and at conferences. We obtain the necessary permissions from the content publisher so that our customer’s use complies with applicable copyright laws. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. Electronic copies, called “ePrints”, are also used for distribution through the Internet and other electronic mechanisms. We have developed proprietary ePrint software that increases the efficiency of our customers’ content purchases by transitioning from paper Reprints to electronic ePrints, and by improving compliance with applicable copyright laws and promotional regulations within the life science industry. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

### **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***

Our policy is to recognize revenue when services have been performed, risk of loss and title to the product transfers to the customer, the selling price is fixed or determinable, and collectability is reasonably assured. We generate revenue by providing two types of services to our customers: Article Galaxy, and Reprints and ePrints.

#### *Article Galaxy*

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. This service, known in the industry as single article delivery or document delivery, generates nearly all of the revenue attributable to the Article Galaxy journal article platform. 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.

#### *Reprints and ePrints*

We charge a transactional fee for each Reprint or ePrint order and are responsible for printing and delivery of Reprint orders, and the electronic delivery and, in some cases, the electronic delivery mechanism of ePrint orders. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. We recognize revenue from reprints and ePrints services upon shipment or electronic 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 Financial Accounting Standards Board (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.

*Allowance for doubtful accounts*

We evaluate the collectability of our trade accounts receivable based on a number of factors. In circumstances where we become aware of a specific customer's inability to meet its financial obligations to us, we estimate and record a specific reserve for bad debts, which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on our historical losses and an overall assessment of past due trade accounts receivable outstanding. We established an allowance for doubtful accounts of \$52,858, \$69,731 and \$49,467 as of March 31, 2016, June 30, 2015 and June 30, 2014, respectively.

***Foreign Currency***

The accompanying consolidated financial statements are presented in United States dollars, the functional currency of our company. Capital accounts of foreign subsidiaries are translated into US dollars from foreign currencies 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 and 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.

The following table summarizes the exchange rates used:

|   | Nine Months Ended March 31, |      | Year Ended June 30, |      |
|---|-----------------------------|------|---------------------|------|
|   | 2016                        | 2015 | 2015                | 2014 |
| Period end Euro : US Dollar exchange rate             | 1.14                        | 1.09 | 1.11                | 1.36 |
| Average period Euro : US Dollar exchange rate         | 1.10                        | 1.24 | 1.20                | 1.36 |
| Period end Mexican Peso : US Dollar exchange rate     | 0.06                        | 0.07 | 0.06                | 0.08 |
| Average period Mexican Peso : US Dollar exchange rate | 0.06                        | 0.07 | 0.07                | 0.08 |

**Recent Accounting Pronouncements**

Please refer to footnote to the consolidated financial statements contained elsewhere in this prospectus 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:

|  | Mar. 31,<br>2016 | Dec. 31,<br>2015 | Sept. 30,<br>2015 | June 30,<br>2015 | Mar. 31,<br>2015 | Dec. 31,<br>2014 | Sept. 30,<br>2014 | June 30,<br>2014 |
|--|------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|
| <b>Revenue:</b>                          |                  |                  |                   |                  |                  |                  |                   |                  |
| Article Galaxy                           | \$6,515,161      | \$5,795,311      | \$5,625,704       | \$5,414,124      | \$5,666,717      | \$5,071,504      | \$5,224,629       | \$4,996,717      |
| Reprints and ePrints                     | 2,209,056        | 3,519,915        | 2,401,397         | 2,166,382        | 3,168,464        | 2,859,556        | 2,328,767         | 2,695,113        |
| Total revenue                            | 8,724,217        | 9,315,226        | 8,027,101         | 7,580,506        | 8,835,181        | 7,931,060        | 7,553,396         | 7,691,830        |
| <b>Cost of revenue:</b>                  |                  |                  |                   |                  |                  |                  |                   |                  |
| Article Galaxy                           | 4,940,236        | 4,489,127        | 4,301,787         | 4,169,042        | 4,248,070        | 3,806,150        | 3,924,478         | 3,707,113        |
| Reprints and ePrints                     | 2,018,967        | 3,229,797        | 2,170,967         | 1,948,287        | 2,883,644        | 2,615,158        | 2,129,113         | 2,442,113        |
| Total cost of revenue                    | 6,959,203        | 7,718,924        | 6,472,754         | 6,117,329        | 7,131,714        | 6,421,308        | 6,053,591         | 6,149,226        |
| <b>Gross profit:</b>                     |                  |                  |                   |                  |                  |                  |                   |                  |
| Article Galaxy                           | 1,574,925        | 1,306,184        | 1,323,917         | 1,245,082        | 1,418,647        | 1,265,354        | 1,300,151         | 1,288,604        |
| Reprints and ePrints                     | 190,089          | 290,118          | 230,430           | 218,095          | 284,820          | 244,398          | 199,654           | 253,113          |
| Total gross profit                       | 1,765,014        | 1,596,302        | 1,554,347         | 1,463,177        | 1,703,467        | 1,509,752        | 1,499,805         | 1,541,717        |
| <b>Operating expenses:</b>               |                  |                  |                   |                  |                  |                  |                   |                  |
| Selling, general and administrative      | 1,537,351        | 1,591,022        | 1,559,903         | 1,362,790        | 1,494,984        | 1,397,517        | 1,307,749         | 1,437,113        |
| Depreciation and amortization            | 30,310           | 16,096           | 14,738            | 16,934           | 25,005           | 60,792           | 72,088            | 65,250           |
| Stock-based compensation expense         | 130,568          | 277,389          | 143,741           | 506,634          | 106,521          | 113,798          | 107,719           | 88,530           |
| Foreign currency transaction loss (gain) | (2,829)          | 5,805            | 1,317             | 4,004            | 57,647           | 25,624           | 10,847            | 2,935            |
|  | 1,695,400        | 1,890,312        | 1,719,699         | 1,890,362        | 1,684,157        | 1,597,731        | 1,498,403         | 1,594,835        |

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Total  
operating  
expenses

Net income  
(loss):

Income (loss)  
from  
continuing  
operations

32,376 (298,425 ) (178,820 ) (439,257 ) (1,816 ) (94,176 ) (6,936 ) (59,770 )

Income (loss)  
from  
discontinued  
operations

- - - 163,453 - - 1,152,951 (540,000 )

Net income  
(loss)

\$32,376 \$(298,425 ) \$(178,820 ) \$(275,804 ) \$(1,816 ) \$(94,176 ) \$1,146,015 \$(600,000 )

Basic income  
(loss) per  
common  
share:

Income (loss)  
per share from  
continuing  
operations

\$- \$(0.02 ) \$(0.01 ) \$(0.03 ) \$- \$(0.01 ) \$- \$-

Income (loss)  
per share from  
discontinued  
operations

\$- \$- \$- \$0.01 \$- \$- \$0.07 \$(0.03 )

Net income  
(loss) per  
share

\$- \$(0.02 ) \$(0.01 ) \$(0.02 ) \$- \$(0.01 ) \$0.07 \$(0.03 )

Basic  
weighted  
average  
common  
shares  
outstanding

17,707,900 17,656,087 17,564,070 17,462,484 17,457,404 17,456,711 17,406,012 17,390,000

Diluted  
income (loss)  
per common  
share:

Income (loss)  
per share from  
continuing  
operations

\$- \$(0.02 ) \$(0.01 ) \$(0.03 ) \$- \$(0.01 ) \$- \$-

Income (loss)  
per share from  
discontinued  
operations

\$- \$- \$- \$0.01 \$- \$- \$0.07 \$(0.03 )

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Net income  
(loss) per  
share

\$-                    \$(0.02            ) \$(0.01            ) \$(0.02            ) \$-                    \$(0.01            ) \$0.07            \$(0.03

Diluted  
weighted  
average  
common  
shares  
outstanding

18,464,000    17,656,087    17,564,070    17,462,484    17,457,404    17,456,711    17,407,428    17,39



**Comparison of the Three and Nine Months Ended March 31, 2016 and 2015*****Results of Operations***

|  | Three Months Ended<br>March 31, |             | Nine Months Ended<br>March 31, |              |
|--|---------------------------------|-------------|--------------------------------|--------------|
|  | 2016                            | 2015        | 2016                           | 2015         |
| Revenue  | \$8,724,217                     | \$8,835,181 | \$26,066,544                   | \$24,319,637 |
| Cost of revenue  | 6,959,203                       | 7,131,714   | 21,150,881                     | 19,606,613   |
| Gross profit   | 1,765,014                       | 1,703,467   | 4,915,663                      | 4,713,024    |
| Operating expenses:  |                                 |             |                                |              |
| Selling, general and administrative  | 1,537,351                       | 1,494,984   | 4,688,276                      | 4,200,250    |
| Depreciation and amortization  | 30,310                          | 25,005      | 61,144                         | 157,885      |
| Stock-based compensation expense   | 130,568                         | 106,521     | 551,698                        | 328,038      |
| Foreign currency transaction loss (gain)                                   | (2,829 )                        | 57,647      | 4,293                          | 94,118       |
| Total operating expenses   | 1,695,400                       | 1,684,157   | 5,305,411                      | 4,780,291    |
| Income (loss) from operations  | 69,614                          | 19,310      | (389,748 )                     | (67,267 )    |
| Other income (expenses):   |                                 |             |                                |              |
| Interest expense   | (6,389 )                        | (3,875 )    | (14,382 )                      | (11,666 )    |
| Other income (expense)   | (25,639 )                       | 275         | (18,229 )                      | 898          |
| Total other expenses   | (32,028 )                       | (3,600 )    | (32,611 )                      | (10,768 )    |
| Income (loss) from continuing operations before provision for income taxes | 37,586                          | 15,710      | (422,359 )                     | (78,035 )    |
| Provision for income taxes   | (5,210 )                        | (17,526 )   | (22,510 )                      | (24,893 )    |
| Income (loss) from continuing operations                                   | 32,376                          | (1,816 )    | (444,869 )                     | (102,928 )   |
| Discontinued operations:   |                                 |             |                                |              |
| Loss from discontinued operations  | -                               | -           | -                              | (395,344 )   |
| Gain from deconsolidation of former French subsidiary                      | -                               | -           | -                              | 1,548,295    |
| Income from discontinued operations  | -                               | -           | -                              | 1,152,951    |
| Net income (loss)  | \$32,376                        | \$(1,816 )  | \$(444,869 )                   | \$1,050,023  |

**Revenue**

|                      | Three Months Ended March 31, |             | 2016-2015    |          | 2016-2015 |  |
|----------------------|------------------------------|-------------|--------------|----------|-----------|--|
|                      | 2016                         | 2015        | \$ Change    | % Change |           |  |
| Revenue:             |                              |             |              |          |           |  |
| Article Galaxy       | \$6,515,161                  | \$5,666,717 | \$848,444    | 15.0     | %         |  |
| Reprints and ePrints | 2,209,056                    | 3,168,464   | (959,408 )   | (30.3    | )%        |  |
| Total revenue        | \$8,724,217                  | \$8,835,181 | \$(110,964 ) | (1.3     | )%        |  |

|                      | Nine Months Ended March 31, |              | 2016-2015   |          | 2016-2015 |  |
|----------------------|-----------------------------|--------------|-------------|----------|-----------|--|
|                      | 2016                        | 2015         | \$ Change   | % Change |           |  |
| Revenue:             |                             |              |             |          |           |  |
| Article Galaxy       | \$17,936,176                | \$15,962,850 | \$1,973,326 | 12.4     | %         |  |
| Reprints and ePrints | 8,130,368                   | 8,356,787    | (226,419 )  | (2.7     | )%        |  |
| Total revenue        | \$26,066,544                | \$24,319,637 | \$1,746,907 | 7.2      | %         |  |

Article Galaxy revenue increased \$848,444, or 15.0%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, and \$1,973,326, or 12.4%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015. In both periods, the increase was primarily due to a net increase in orders resulting from the acquisition of new customers. Single article delivery services generate nearly all of the revenue attributable to the Article Galaxy journal article platform. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to addition or loss of customers.

Revenue from Reprints and ePrints decreased \$959,408, or 30.3%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, and \$226,419, or 2.7%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015. In both periods, the decrease was primarily due to a net decrease in orders from existing customers. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

Total revenue decreased \$110,964, or 1.3%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, and increased \$1,746,907, or 7.2%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015, for the reasons described above.

***Cost of Revenue***

|                       | Three Months Ended March 31, |             | 2016-2015   |          | 2016-2015 |  |
|-----------------------|------------------------------|-------------|-------------|----------|-----------|--|
|                       | 2016                         | 2015        | \$ Change   | % Change |           |  |
| Cost of Revenue:      |                              |             |             |          |           |  |
| Article Galaxy        | \$4,940,236                  | \$4,248,070 | \$692,166   | 16.3     | %         |  |
| Reprints and ePrints  | 2,018,967                    | 2,883,644   | (864,677)   | (30.0)   | )%        |  |
| Total cost of revenue | \$6,959,203                  | \$7,131,714 | \$(172,511) | (2.4)    | )%        |  |

|                             | Three Months Ended March 31, |   |      |   |                  |    |
|-----------------------------|------------------------------|---|------|---|------------------|----|
|                             | 2016                         |   | 2015 |   | <b>2016-2015</b> |    |
|                             |                              |   |      |   | <b>Change *</b>  |    |
| As a percentage of revenue: |                              |   |      |   |                  |    |
| Article Galaxy              | 75.8                         | % | 75.0 | % | 0.8              | %  |
| Reprints and ePrints        | 91.4                         | % | 91.0 | % | 0.4              | %  |
| Total                       | 79.8                         | % | 80.7 | % | (1.0)            | )% |

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

|                       | Nine Months Ended March 31, |  |              |  |                  |                 |
|-----------------------|-----------------------------|--|--------------|--|------------------|-----------------|
|                       | 2016                        |  | 2015         |  | <b>2016-2015</b> |                 |
|                       |                             |  |              |  | <b>\$ Change</b> | <b>% Change</b> |
| Cost of Revenue:      |                             |  |              |  |                  |                 |
| Article Galaxy        | \$13,731,150                |  | \$11,978,698 |  | \$1,752,452      | 14.6 %          |
| Reprints and ePrints  | 7,419,731                   |  | 7,627,915    |  | (208,184 )       | (2.7 )%         |
| Total cost of revenue | \$21,150,881                |  | \$19,606,613 |  | \$1,544,268      | 7.9 %           |

|                             | Nine Months Ended March 31, |   |      |   |                  |   |
|-----------------------------|-----------------------------|---|------|---|------------------|---|
|                             | 2016                        |   | 2015 |   | <b>2016-2015</b> |   |
|                             |                             |   |      |   | <b>Change *</b>  |   |
| As a percentage of revenue: |                             |   |      |   |                  |   |
| Article Galaxy              | 76.6                        | % | 75.0 | % | 1.6              | % |
| Reprints and ePrints        | 91.3                        | % | 91.3 | % | 0.0              | % |
| Total                       | 81.1                        | % | 80.6 | % | 0.5              | % |

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

Cost of revenue as a percentage of revenue from Article Galaxy increased to 75.8%, for the three months ended March 31, 2016 compared to 75.0%, for the three months ended March 31, 2015, and to 76.6%, for the nine months ended March 31, 2016 compared to 75.0%, for the nine months ended March 31, 2015. In both periods, the increase primarily resulted from a reduction in average service fee revenue per transaction on new customer accounts.

Cost of revenue as a percentage of revenue from Reprints and ePrints increased to 91.4%, for the three months ended March 31, 2016 compared to 91.0%, for the three months ended March 31, 2015, primarily due to increased content

acquisition costs.

Total cost of revenue as a percentage of revenue decreased to 79.8%, for the three months ended March 31, 2016 compared to 80.7%, for the three months ended March 31, 2015, and increased to 81.1%, for the nine months ended March 31, 2016 compared to 80.6%, for the nine months ended March 31, 2015, for the reasons described above.

**Gross Profit**

|                    | Three Months Ended March 31, |              | 2016-2015  |          | 2016-2015 |
|--------------------|------------------------------|--------------|------------|----------|-----------|
|                    | 2016                         | 2015         | \$ Change  | % Change |           |
| Gross Profit:      |                              |              |            |          |           |
| Article Galaxy     | \$ 1,574,925                 | \$ 1,418,647 | \$ 156,278 | 11.0     | %         |
| Reprints           | 190,089                      | 284,820      | (94,731 )  | (33.3    | )%        |
| Total gross profit | \$ 1,765,014                 | \$ 1,703,467 | \$ 61,547  | 3.6      | %         |

|                             | Three Months Ended March 31, |        | 2016-2015 |    | 2016-2015 |
|-----------------------------|------------------------------|--------|-----------|----|-----------|
|                             | 2016                         | 2015   | Change *  |    |           |
| As a percentage of revenue: |                              |        |           |    |           |
| Article Galaxy              | 24.2 %                       | 25.0 % | (0.8      | )% |           |
| Reprints and ePrints        | 8.6 %                        | 9.0 %  | (0.4      | )% |           |
| Total                       | 20.2 %                       | 19.3 % | 0.9       | %  |           |

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

|                    | Nine Months Ended March 31, |              | 2016-2015  |          | 2016-2015 |
|--------------------|-----------------------------|--------------|------------|----------|-----------|
|                    | 2016                        | 2015         | \$ Change  | % Change |           |
| Gross Profit:      |                             |              |            |          |           |
| Article Galaxy     | \$ 4,205,026                | \$ 3,984,152 | \$ 220,874 | 5.5      | %         |
| Reprints           | 710,637                     | 728,872      | (18,235 )  | (2.5     | )%        |
| Total gross profit | \$ 4,915,663                | \$ 4,713,024 | \$ 202,639 | 4.3      | %         |

|                             | Nine Months Ended March 31, |        | 2016-2015 |    | 2016-2015 |
|-----------------------------|-----------------------------|--------|-----------|----|-----------|
|                             | 2016                        | 2015   | Change *  |    |           |
| As a percentage of revenue: |                             |        |           |    |           |
| Article Galaxy              | 23.4 %                      | 25.0 % | (1.6      | )% |           |
| Reprints and ePrints        | 8.7 %                       | 8.7 %  | 0.0       | %  |           |
| Total                       | 18.9 %                      | 19.4 % | (0.5      | )% |           |

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

**Operating Expenses**

|  | Three Months Ended March 31, |             | 2016-2015 |          |    |
|--|------------------------------|-------------|-----------|----------|----|
|  | 2016                         | 2015        | \$ Change | % Change |    |
| Operating Expenses:                      |                              |             |           |          |    |
| Selling, general and administrative      | \$1,537,351                  | \$1,494,984 | \$42,367  | 2.8      | %  |
| Depreciation and amortization            | 30,310                       | 25,005      | 5,305     | 21.2     | %  |
| Stock-based compensation expense         | 130,568                      | 106,521     | 24,047    | 22.6     | %  |
| Foreign currency transaction loss (gain) | (2,829 )                     | 57,647      | (60,476 ) | (104.9   | )% |
| Total operating expenses                 | \$1,695,400                  | \$1,684,157 | \$11,243  | 0.7      | %  |

|  | Nine Months Ended March 31, |             | 2016-2015 |          |    |
|--|-----------------------------|-------------|-----------|----------|----|
|  | 2016                        | 2015        | \$ Change | % Change |    |
| Operating Expenses:                      |                             |             |           |          |    |
| Selling, general and administrative      | \$4,688,276                 | \$4,200,250 | \$488,026 | 11.6     | %  |
| Depreciation and amortization            | 61,144                      | 157,885     | (96,741 ) | (61.3    | )% |
| Stock-based compensation expense         | 551,698                     | 328,038     | 223,660   | 68.2     | %  |
| Foreign currency transaction loss (gain) | 4,293                       | 94,118      | (89,825 ) | (95.4    | )% |
| Total operating expenses                 | \$5,305,411                 | \$4,780,291 | \$525,120 | 11.0     | %  |

**Selling, General and Administrative**

Selling, general and administrative expenses increased \$42,367 or 2.8%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, and \$488,026 or 11.6%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015. In both periods, the increases were primarily due to increases in sales and marketing, and administrative compensation and consulting fees.

**Interest Expense**

For the three months ended March 31, 2016, interest expense was \$6,389, compared to \$3,875 for the three months ended March 31, 2015, an increase of \$2,514. For the nine months ended March 31, 2016, interest expense was \$14,382, compared to \$11,666 for the nine months ended March 31, 2015, an increase of \$2,716.



**Net Income (Loss)**

|  | Three Months Ended March 31, |            | 2016-2015 |             |
|--|------------------------------|------------|-----------|-------------|
|  | 2016                         | 2015       | \$ Change | % Change    |
| Net Income (Loss):                       |                              |            |           |             |
| Income (loss) from continuing operations | \$32,376                     | \$(1,816 ) | \$34,192  | (1,882.8 )% |
| Income from discontinued operations      | -                            | -          | -         | - %         |
| Total net income (loss)                  | \$32,376                     | \$(1,816 ) | \$34,192  | (1,882.8 )% |

|                                     | Nine Months Ended March 31, |              | 2016-2015     |           |
|-------------------------------------|-----------------------------|--------------|---------------|-----------|
|                                     | 2016                        | 2015         | \$ Change     | % Change  |
| Net Income (Loss):                  |                             |              |               |           |
| Loss from continuing operations     | \$(444,869)                 | \$(102,928 ) | \$(341,941 )  | (332.2 )% |
| Income from discontinued operations | -                           | 1,152,951    | (1,152,951)   | (100.0 )% |
| Total net income (loss)             | \$(444,869)                 | \$1,050,023  | \$(1,494,892) | (142.4 )% |

Income from continuing operations increased \$34,192 or 1,882.8%, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to increased gross profit as described above. Loss from continuing operations increased \$341,941 or 332.2%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015, primarily due to increased operating expenses as described above.

Total net income decreased \$1,494,892 or 142.4%, for the nine months ended March 31, 2016 compared to the nine months ended March 31, 2015, primarily due to a gain of \$1,548,295 from the deconsolidation of our former French subsidiary in September 2014.

### Comparison of the Years Ended June 30, 2015 and 2014

#### Results of Operations

|   | Years Ended<br>June 30, |              |
|---|-------------------------|--------------|
|   | 2015                    | 2014         |
| Revenue   | \$31,900,143            | \$28,483,175 |
| Cost of revenue   | 25,723,942              | 23,029,663   |
| Gross profit  | 6,176,201               | 5,453,512    |
| Operating expenses:   |                         |              |
| Selling, general and administrative                               | 5,563,040               | 5,917,012    |
| Stock-based compensation expense                                  | 834,672                 | 355,220      |
| Depreciation and amortization                                     | 174,819                 | 219,934      |
| Foreign currency transaction loss                                 | 98,122                  | 16,332       |
| Total operating expenses  | 6,670,653               | 6,508,498    |
| Loss from operations  | (494,452 )              | (1,054,986 ) |
| Other expenses:   |                         |              |
| Interest expense  | (18,056 )               | (13,817 )    |
| Other income  | 1,215                   | 770          |
| Total other expenses  | (16,841 )               | (13,047 )    |
| Loss from continuing operations before provision for income taxes | (511,293 )              | (1,068,033 ) |
| Provision for income taxes  | (30,892 )               | (16,099 )    |
| Loss from continuing operations                                   | (542,185 )              | (1,084,132 ) |

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Discontinued operations:

|   |            |                |
|---|------------|----------------|
| Loss from discontinued operations                     | (395,344 ) | (782,286 )     |
| Gain from deconsolidation of former French subsidiary | 1,711,748  | -              |
| Income (loss) from discontinued operations            | 1,316,404  | (782,286 )     |
| Net income (loss)                                     | \$774,219  | \$(1,866,418 ) |

**Revenue**

|                      | Years Ended June 30, |              | 2015-2014   |          | 2015-2014 |  |
|----------------------|----------------------|--------------|-------------|----------|-----------|--|
|                      | 2015                 | 2014         | \$ Change   | % Change |           |  |
| Revenue:             |                      |              |             |          |           |  |
| Article Galaxy       | \$21,376,974         | \$18,673,515 | \$2,703,459 | 14.5     | %         |  |
| Reprints and ePrints | 10,523,169           | 9,809,660    | 713,509     | 7.3      | %         |  |
| Total revenue        | \$31,900,143         | \$28,483,175 | \$3,416,968 | 12.0     | %         |  |

Article Galaxy revenue increased \$2,703,459, or 14.5%, for the year ended June 30, 2015 compared to the prior year, primarily due to a net increase in orders resulting from the acquisition of new customers. Single article delivery services generate nearly all of the revenue attributable to the Article Galaxy journal article platform. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

Revenue from Reprints and ePrints increased \$713,509, or 7.3%, for the year ended June 30, 2015 compared to the prior year, primarily due to a net increase in orders from current and new customers. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

Total revenue increased 3,416,968, or 12.0%, for the year ended June 30, 2015 compared to the prior year, for the reasons described above.

**Cost of Revenue**

|                       | Years Ended June 30, |              | 2015-2014   |          | 2015-2014 |  |
|-----------------------|----------------------|--------------|-------------|----------|-----------|--|
|                       | 2015                 | 2014         | \$ Change   | % Change |           |  |
| Cost of Revenue:      |                      |              |             |          |           |  |
| Article Galaxy        | \$16,147,740         | \$14,168,628 | \$1,979,112 | 14.0     | %         |  |
| Reprints and ePrints  | 9,576,202            | 8,861,035    | 715,167     | 8.1      | %         |  |
| Total cost of revenue | \$25,723,942         | \$23,029,663 | \$2,694,279 | 11.7     | %         |  |

|                             | Years Ended June 30, |        | <b>2015-2014</b> |    |
|-----------------------------|----------------------|--------|------------------|----|
|                             | 2015                 | 2014   | <b>Change *</b>  |    |
| As a percentage of revenue: |                      |        |                  |    |
| Article Galaxy              | 75.5 %               | 75.9 % | (0.4             | )% |
| Reprints and ePrints        | 91.0 %               | 90.3 % | 0.7              | %  |
| Total                       | 80.6 %               | 80.9 % | (0.3             | )% |

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

Cost of revenue as a percentage of revenue from Article Galaxy decreased to 75.5%, for the year ended June 30, 2015 compared to 75.9%, for the prior year, primarily due to slightly reduced production expenses and decreased content acquisition costs.

Cost of revenue as a percentage of revenue from Reprints and ePrints increased to 91.0%, for the year ended June 30, 2015 compared to 90.3%, for the prior year, primarily due to increased content acquisition costs.

Total cost of revenue as a percentage of revenue decreased to 80.6%, for the year ended June 30, 2015 compared to 80.9%, for the prior year.

**Gross Profit**

|                      | Years Ended June 30, |             | <b>2015-2014</b> |  | <b>2015-2014</b> |    |
|----------------------|----------------------|-------------|------------------|--|------------------|----|
|                      | 2015                 | 2014        | <b>\$ Change</b> |  | <b>% Change</b>  |    |
| Gross Profit:        |                      |             |                  |  |                  |    |
| Article Galaxy       | \$5,229,234          | \$4,504,887 | \$ 724,347       |  | 16.1             | %  |
| Reprints and ePrints | 946,967              | 948,625     | (1,658 )         |  | (0.2             | )% |
| Total gross profit   | \$6,176,201          | \$5,453,512 | \$ 722,689       |  | 13.3             | %  |

|                             | Years Ended June 30, |        | <b>2015-2014</b> |    |
|-----------------------------|----------------------|--------|------------------|----|
|                             | 2015                 | 2014   | <b>Change *</b>  |    |
| As a percentage of revenue: |                      |        |                  |    |
| Article Galaxy              | 24.5 %               | 24.1 % | 0.4              | %  |
| Reprints and ePrints        | 9.0 %                | 9.7 %  | (0.7             | )% |
| Total                       | 19.4 %               | 19.1 % | 0.3              | %  |

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

**Operating Expenses**

|                     | Years Ended June 30, |      | <b>2015-2014</b> |  | <b>2015-2014</b> |  |
|---------------------|----------------------|------|------------------|--|------------------|--|
|                     | 2015                 | 2014 | <b>\$ Change</b> |  | <b>% Change</b>  |  |
| Operating Expenses: |                      |      |                  |  |                  |  |

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|                                     |             |             |             |        |    |
|-------------------------------------|-------------|-------------|-------------|--------|----|
| Selling, general and administrative | \$5,563,040 | \$5,917,012 | \$(353,972) | (6.0)  | )% |
| Depreciation and amortization       | 174,819     | 219,934     | (45,115)    | (20.5) | )% |
| Stock-based compensation expense    | 834,672     | 355,220     | 479,452     | 135.0  | %  |
| Foreign currency transaction loss   | 98,122      | 16,332      | 81,790      | 500.8  | %  |
| Total operating expenses            | \$6,670,653 | \$6,508,498 | \$162,155   | 2.5    | %  |

***Selling, General and Administrative***

Selling, general and administrative expenses decreased \$353,972 or 6.0%, for the year ended June 30, 2015 compared to the prior year, primarily due to a decrease in professional service fees.

***Depreciation and Amortization***

For the year ended June 30, 2015, depreciation and amortization expense was \$174,819, compared to \$219,934 for the prior year, a decrease of \$45,115. The amounts recorded were split between depreciation of property and equipment, and amortization of a customer list that was fully amortized in November 2014.

***Interest Expense***

For the year ended June 30, 2015, interest expense was \$18,056, compared to \$13,817 for the prior year, an increase of \$4,239.

***Provision for Income Taxes***

During the years ended June 30, 2015 and 2014, we recorded a provision for income taxes of \$30,892 and \$16,099, respectively. The increase in the provision was primarily due to an increase in Mexican income taxes.

***Net Income (Loss)***

|  | Year Ended June 30, |               | 2015-2014   | 2015-2014 |   |
|--|---------------------|---------------|-------------|-----------|---|
|  | 2015                | 2014          | \$ Change   | % Change  |   |
| Net Income (Loss):                         |                     |               |             |           |   |
| Loss from continuing operations            | \$(542,185 )        | \$(1,084,132) | \$541,947   | 50.0      | % |
| Income (loss) from discontinued operations | 1,316,404           | (782,286 )    | 2,098,690   | 268.3     | % |
| Total net loss                             | \$774,219           | \$(1,866,418) | \$2,640,637 | 141.5     | % |

Loss from continuing operations decreased \$541,947 or 50.0%, for the year ended June 30, 2015 compared to the prior year, primarily due to increased gross profit as described above.

Total net loss decreased \$2,640,637 or 141.5%, for the year ended June 30, 2015 compared to the prior year, primarily due to increased gross profit and a net gain of \$1,316,404 from the deconsolidation of our former French subsidiary.

***Liquidity and Capital Resources***

| Consolidated Statements of Cash Flow Data:                                     | Nine Months Ended March 31, |               |
|--|-----------------------------|---------------|
|  | 2016                        | 2015          |
| Net cash provided by (used in) operating activities from continuing operations | \$ 782,082                  | \$ (119,128 ) |
| Net cash used in operating activities of discontinued operations               | -                           | (34,503 )     |
| Net cash provided by (used in) operating activities                            | 782,082                     | (153,631 )    |
| Net cash used in investing activities from continuing operations               | (180,584 )                  | (67,555 )     |
| Net cash used in investing activities of discontinued operations               | -                           | (27,666 )     |
| Net cash used in investing activities  | (180,584 )                  | (95,221 )     |
| Net cash used in financing activities from continuing operations               | (20,147 )                   | (50,605 )     |
| Net cash used in financing activities of discontinued operations               | -                           | (67,515 )     |



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|  |              |   |              |   |
|--|--------------|---|--------------|---|
| Net cash used in financing activities                | (20,147      | ) | (118,120     | ) |
| Effect of exchange rate changes                      | (11,539      | ) | (144,659     | ) |
| Net increase (decrease) in cash and cash equivalents | 569,812      |   | (511,631     | ) |
| Cash and cash equivalents, beginning of period       | 1,354,158    |   | 1,884,667    |   |
| Cash and cash equivalents, end of period             | \$ 1,923,970 |   | \$ 1,373,036 |   |

***Liquidity***

We believe that our current cash resources, our borrowing availability under our existing line of credit, and expected cash flow will be sufficient to sustain operations for the next twelve months. 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 \$11,188,000. As of March 31, 2016, we had working capital of \$955,917 and stockholders' equity of \$1,167,532. For the nine months ended March 31, 2016, we recorded a net loss of \$444,869, cash provided by operating activities from continuing operations was \$782,082. 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 March 31, 2016, we had cash and cash equivalents of \$1,923,970, compared to \$1,354,158 as of June 30, 2015, an increase of \$569,812. This increase was primarily due to cash provided by operating activities from continuing operations.

### ***Operating Activities***

Net cash provided by operating activities from continuing operations was \$782,082 for the nine months ended March 31, 2016 and resulted primarily from an increase in accounts payable and accrued expenses of \$564,290 and an increase in deferred revenue of \$542,400, partially offset by an increase in accounts receivable of \$614,001.

Net cash used in operating activities from continuing operations was \$119,128 for the nine months ended March 31, 2015 and resulted primarily from an increase in accounts receivable of \$1,601,375, partially offset by an increase in accounts payable and accrued expenses of \$1,454,383. Net cash used in operating activities of discontinued operations was \$34,503 for the nine months ended March 31, 2015.

### ***Investing Activities***

Net cash used in investing activities from continuing operations was \$180,584 for the nine months ended March 31, 2016 and resulted from the purchase of intangible assets and property and equipment.

Net cash used in investing activities from continuing operations was \$95,221 for the nine months ended March 31, 2015 and resulted from the purchase of intangible assets and property and equipment.

### ***Financing Activities***

Net cash used in financing activities from continuing operations was \$20,147 for the nine months ended March 31, 2016 and resulted from common stock repurchased.

Net cash used in financing activities from continuing operations was \$50,605 for the nine months ended March 31, 2015 and resulted from common stock repurchased. Net cash used in financing activities from discontinued operations was \$67,515 for the nine months ended March 31, 2015.

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 \$4,000,000, or 80% of eligible accounts receivable. The line of credit matures on October 31, 2017, and is subject to certain financial and performance covenants with which we were in compliance as of March 31, 2016. Financial covenants include maintaining a ratio of quick assets to current liabilities of at least 0.8 to 1.0, and maintaining tangible net worth of \$600,000, plus 50% of net income for the fiscal quarter ended from and after December 31, 2015, plus 50% of the dollar value of equity issuances after October 1, 2015 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 account balance with SVB (less all indebtedness owed to SVB) of at least \$800,000 at all times during the prior calendar month (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 5.75% as of March 31, 2016. The line of credit is secured by our consolidated assets.

There were no outstanding borrowings under the line as of March 31, 2016 and June 30, 2015, respectively. As of March 31, 2016 and June 30, 2015, approximately \$3,172,000 and \$2,182,000, respectively, of available credit was unused.

### **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, income (loss) from discontinued operations, impairment of acquired intangibles and goodwill, loss on facility sublease, and (gain) loss on sale of fixed assets. 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 nine months ended March 31, 2016 and 2015:

|  | Three Months Ended March 31, |            | Nine Months Ended March 31, |                |
|--|------------------------------|------------|-----------------------------|----------------|
|  | 2016                         | 2015       | 2016                        | 2015           |
| Net income (loss)                          | \$ 32,376                    | \$ (1,816  | ) \$ (444,869               | ) \$ 1,050,023 |
| Add (deduct):                              |                              |            |                             |                |
| Interest expense                           | 6,389                        | 3,875      | 14,382                      | 11,666         |
| Other (income) expense                     | 25,639                       | (275       | ) 18,229                    | (898           |
| Foreign currency transaction (gain) loss   | (2,829                       | ) 57,647   | 4,293                       | 94,118         |
| Provision for income taxes                 | 5,210                        | 17,526     | 22,510                      | 24,893         |
| Depreciation and amortization              | 30,310                       | 25,005     | 61,144                      | 157,885        |
| Stock-based compensation                   | 130,568                      | 106,521    | 551,698                     | 328,038        |
| (Income) loss from discontinued operations | -                            | -          | -                           | (1,152,951     |
| Adjusted EBITDA                            | \$ 227,663                   | \$ 208,483 | \$ 227,387                  | \$ 512,774     |

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.

### **Recently Issued Accounting Pronouncements**

For information about recently issued accounting standards, refer to Note 2 to our consolidated financial statements appearing elsewhere in this prospectus.

## BUSINESS

### **Company Overview**

Research Solutions is a publicly traded holding company with two wholly owned subsidiaries at June 30, 2015: 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. Research Solutions was incorporated in the State of Nevada on November 2, 2006. On March 4, 2013, we amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.).

On August 18, 2014, our board of directors authorized the immediate disposal of our former subsidiary Techniques Appliquées aux Arts Graphiques, S.p.A., an entity organized under the laws of France, at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

We derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of \$1,711,748 recorded on the consolidated statements of operations for the year ended June 30, 2015. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussion with French counsel that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.

We provide on-demand access to scientific, technical, and medical information for life science companies, academic institutions, and other research-intensive organizations. We provide two types of services to our customers: Article Galaxy, and Reprints and ePrints.

### ***Article Galaxy***

Article Galaxy, our cloud-based software-as-a-service solution, provides our customers with a single source to the universe of published STM content that includes over seventy million existing STM articles and over one million newly published STM articles each year. Article Galaxy allows customers to find and download in digital format STM articles that are critical to their research. In addition, Article Galaxy facilitates customers' compliance with applicable copyright laws.

Researchers and regulatory personnel in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. They place orders with us for the articles they need and we source and electronically deliver the requested content to them generally in under an hour. This service is known in the industry as single article delivery or document delivery. We also obtain the necessary permissions from the content publisher so that our customer's use complies with applicable copyright laws. We have arrangements with numerous 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. Even though single article delivery services are charged on a transactional basis, customer order volume tends to be consistent from month to month in part due to consistent orders of larger customers that require the implementation of our services into their work flow, subject to fluctuations due to the addition or loss of customers.

We deliver the aforementioned services through our Article Galaxy journal article platform ("Article Galaxy"), which consists of proprietary software and Internet-based interfaces that allow customers to initiate orders, manage transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and enhance the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around scientific information.

As a cloud-based SaaS solution, Article Galaxy is deployed as a single system across our entire customer base. Customers access Article Galaxy securely through online web interfaces and via web service APIs, which enable customers to leverage Article Galaxy features and functionality from within proprietary and other 3rd party software systems. Article Galaxy can also be configured to satisfy a customer's individual preferences in areas such as user experience, business processes, and spend management. As a SaaS solution, Article Galaxy benefits from efficiencies in scalability, stability and development costs, resulting in significant advantages versus multiple instance or installed desktop software alternatives. We leverage these technical efficiencies to fuel rapid innovation and competitive advantage.

### ***Reprints and ePrints***

Marketing departments in life science and other research-intensive organizations generally require large quantities of printed copies of published STM journal articles called "Reprints" that are distributed to physicians and at conferences. We obtain the necessary permissions from the content publisher so that our customer's use complies with applicable copyright laws. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. Electronic copies, called "ePrints", are also used for distribution through the Internet and other electronic mechanisms. We have developed proprietary ePrint software that increases the efficiency of our customers' content purchases by transitioning from paper Reprints to electronic ePrints, and by improving compliance with applicable copyright laws and promotional regulations within the life science industry. Reprints and ePrints are charged on a transactional basis and order volume typically fluctuates from month to month based on customer marketing budgets and the existence of STM journal articles that fit customer requirements.

### **Competitive Strengths**

We believe that we possess the following competitive strengths:

### ***Services and Technology***

We have developed proprietary software and Internet-based interfaces that allow customers to initiate orders for accessing full-text research papers 24/7, manage these transactions, obtain reporting, automate authentication, improve seamless connectivity to corporate intranets, and maximize the information resources they already own, or have access to via subscriptions or internal libraries, as well as organize workgroups to collaborate around STM information. Our systems integrate into our customers' corporate intranets and workflows through the Internet, web services and other integration mechanisms. Our services alleviate the need for our customers to develop internal



systems or contact multiple content publishers in order to obtain the content that is critical to their research.

Our services are configured to our customers' needs and provide a personalized yet turnkey solution that covers the full spectrum of customer requirements; from identifying and locating articles, to facilitating copyright compliance, maximizing information resources already owned, monitoring, tracking usage, and automating end-user authentication. We continue to seek ways to enhance the performance of our existing proprietary software and systems and to develop and implement new technologies that expand the available methods of discovering, obtaining and managing content.

### ***Experienced Management Team***

Our management team has extensive experience in satisfying customers across the information services and STM publishing and technology industries. Further, our CEO has been an innovator in the space for over 20 years.

### ***Customer Loyalty***

The majority of our revenue comes from repeat customers, indicative of our focus on customer satisfaction and quality. A recent study performed by Outsell, an industry research and advisory firm, ranked Reprints Desk first in customer satisfaction (depth and breadth of coverage, fair pricing, and ease of doing business) and loyalty (intention to renew or continue service, and willingness to recommend the service to others).

### ***Industry Presence and Established Relationships***

We have a well-established presence and a network of contacts with our customers, STM publishing partners, and others in the information services space. We have existing arrangements with numerous content publishers that allow us to distribute their content.

### ***Promotion***

We employ a segment-focus marketing approach to challenge existing competition. In pursuit of growth, we invest in vertical integration and channel relationships to increase the value we provide to customers, extend our promotional reach, and decrease customer acquisition costs. We anticipate growth coming from cross-selling into our existing customer base, penetrating new market verticals, and generating market demand and preference from both existing and new customers. While we place emphasis on the life science market, with a focus on pharmaceutical, biotechnology and medical device customers, we are also penetrating the following new markets: legal, academic, aerospace, automotive, semiconductor, electronics, chemicals and food and agriculture.

### **Growth Strategy**

#### ***Organic Growth***

We seek to grow our customer base through targeted selling and marketing campaigns consisting of sales calls on potential customers. This strategy is supported by innovative technological systems, competitive pricing and high quality service. We also submit proposals to potential customers in response to requests for proposals, or RFPs. We have invested heavily in our operations to ensure that they are capable of supporting future growth.

#### ***Acquisitions and Combinations***

From time to time, and as opportunities arise, we may explore strategic acquisitions and combinations, including the acquisition of customer lists, that bring revenue, profitability, growth potential and additional technology, products, services, operations and/or geographic capabilities to our company.

#### ***International Expansion***

We have expanded internationally through increased sales to companies located abroad, particularly in Europe and Japan. From time to time, and as opportunities arise, we may further expand internationally through partnerships or acquisitions.

### ***Publisher Agreements***

We have arrangements with numerous STM content publishers that allow us to distribute their content. In addition, we regularly contact publishers in an attempt to negotiate additional publisher agreements. A typical publisher agreement would allow us to distribute the publisher's content according to a negotiated price list, thereby eliminating the need to contact the publisher and obtain the rights for each individual order. Many of these publishers provide us with electronic access to their content, which allows us to further expedite the delivery of single articles to our customers. In addition, we rely on a small number of content publishers for the majority of our content costs.

### **Company Services**

We generate revenue by providing two types of services to our customers: Article Galaxy, and Reprints and ePrints.

#### ***Article Galaxy***

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. This service, known in the industry as single article delivery or document delivery, generates nearly all of the revenue attributable to the Article Galaxy journal article platform. 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.

#### ***Reprints and ePrints***

We charge a transactional fee for each Reprint or ePrint order and are responsible for printing and delivery of Reprint orders, and the electronic delivery and, in some cases, the electronic delivery mechanism of ePrint orders. The majority of content publishers print their content in-house and prohibit others from printing their content; however, when not prohibited by the content publisher, we use third parties to print Reprint orders. We recognize revenue from reprints and ePrints services upon shipment or electronic delivery to the customer only when the selling price is fixed or determinable, and collectability is reasonably assured.

## **Customers and Suppliers**

There were no customers that accounted for greater than 10% of our revenue for the years ended June 30, 2015 and 2014.

Approximately 38% and 45% of our content cost for the years ended June 30, 2015 and 2014, respectively, was derived from our three largest suppliers of content. Loss of any or all of these suppliers of content would significantly reduce our revenue, which would have a material adverse effect on our results of operations. We can provide no assurance that these suppliers of content will continue to supply us with content in the future.

## **Sales and Marketing**

To acquire customers we rely on sales promotion to sell to large enterprise accounts, and marketing communications to more efficiently recruit small-to-medium and geographically-dispersed enterprises. The promotional mix of tactics we utilize includes: advertising, events, direct response and integrated marketing campaigns, public relations and content publicity, search engine optimization and marketing, thought leadership programs, channel alliances training, and analyst relations. In addition, a portion of our marketing budget is dedicated to research and customer retention, which, we believe, increases total lifetime value per account and generates significant amounts of referrals for new business.

## **Competition**

The markets in which we compete are highly competitive. The primary methods of competition in our industry are price, service, technology and niche focus. Competition based on price is often successful in the short-term, but can limit the ability of a supplier to provide adequate service levels. Competition based on service and/or technology requires significant investment in systems and that investment requires time to produce results. Niche operators focus on narrow activities, but cannot aggregate sufficient content, technology and services to satisfy broad customer needs. We believe that many customers and potential customers are less price sensitive if the service levels are high and the technology creates efficiency and/or management information that has not been available previously.

Our competition includes:

*Piracy* – perhaps, our most serious competitor. Many entities use content for commercial purposes without complying with applicable copyright laws, and paying the required copyright to the content publisher. As information becomes more readily available, the opportunity for piracy increases.

*STM Single Article Delivery Vendors and Content Aggregators* – Our primary competitors for global, full service Single Article Delivery services are Copyright Clearance Center, British Library, numerous national libraries located outside of the United States, and regional interlibrary loan networks throughout the world.

*Customer In-House Services* – While Single Article Delivery services are more challenging than Reprint services for our customers to provide in house, many existing and potential customers manage these services internally.

*Publisher In-House Capabilities* – Some large publishers have developed in-house capabilities to service the content re-use market, however, many of them neglect other content repurposing opportunities and may not be able to aggregate content from other publishers

## **Corporate History and Structure**

Research Solutions was incorporated in the State of Nevada on November 2, 2006, and in November 2006 entered into a Share Exchange Agreement with Reprints Desk. At the closing of the transaction contemplated by the Share Exchange Agreement, Research Solutions acquired all of the outstanding shares of Reprints Desk from its stockholders and issued 8,000,003 shares of common stock to the former stockholders of Reprints Desk. Following completion of the exchange transaction, Reprints Desk became a wholly-owned subsidiary of Research Solutions. Reprints Desk provides Article Galaxy and Reprint and ePrint services.

On July 24, 2012, we formed Reprints Desk Latin America to provide operational and administrative support services to Reprints Desk.

On March 4, 2013, we consummated a merger with DYSC Subsidiary Corporation, our wholly-owned subsidiary, pursuant to which we, in connection with such merger, amended our Articles of Incorporation to change our name to Research Solutions, Inc. (formerly Derycz Scientific, Inc.).

On February 28, 2007, we entered into an agreement with Pools Press, Inc., an Illinois corporation, pursuant to which we acquired 75% of the issued and outstanding common stock of Pools for consideration of \$616,080. We purchased the remaining interest in Pools that we did not already own on August 31, 2010. The results of Pools' operations have been included in our consolidated financial statements since March 1, 2007. On January 1, 2012, Pools merged with and into Reprints Desk. Pools provided printing services, specializing in reprints, until operations were discontinued in June 2013.

On March 31, 2011, we entered into an agreement with Fimmotaag, S.p.A., a privately held company domiciled in France, pursuant to which we acquired 100% of the issued and outstanding common stock of TAAG in exchange for 336,921 shares of our common stock in addition to future payments payable at the option of Fimmotaag in cash or our common stock under the terms of the purchase agreement. On March 28, 2013, we entered into a Settlement Agreement with Fimmotaag and its two principal owners, pursuant to which Fimmotaag agreed to return 336,921 shares of our common stock to us and to forego future payments payable to Fimmotaag by us pursuant to the terms of the agreement under which we acquired TAAG from Fimmotaag.

On August 18, 2014, our board of directors authorized the immediate disposal of our former subsidiary TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements.

In accordance with consolidation guidance we derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of \$1,711,748 recorded on the consolidated statements of operations for the year ended June 30, 2015. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussion with French counsel that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.

## **Employees**

As of June 30, 2016, we had 113 full time employees and 3 part-time employees.

### **Properties**

Our executive offices are located at 5435 Balboa Blvd., Suite 202, Encino, California. We lease approximately 3,200 square feet of office space for approximately \$5,400 per month from an unrelated third party. The lease expires on April 30, 2017.

Reprints Desk Latin America S. de R.L. de C.V, rents on a month to month basis approximately 280 square meters of office space in Monterrey, Mexico, for approximately \$1,500 (19,482 Mexican Pesos) per month.

We believe that our existing facilities are sufficient to meet our present and anticipated needs for the foreseeable future.

### **Legal Proceedings**

We are involved in legal proceedings in the ordinary course of our business. Although our management cannot predict the ultimate outcome of these legal proceedings with certainty, it believes that the ultimate resolution of our legal proceedings, including any amounts we may be required to pay, will not have a material effect on our consolidated financial statements.

On August 18, 2014, our board of directors authorized the immediate disposal of our former subsidiary TAAG at a reasonable price in relation to its current fair value, and in the event such sale was not consummated by September 10, 2014, that management proceed with an insolvency filing by TAAG under French law. On September 15, 2014, the French Tribunal de Commerce appointed an Administrator for TAAG following a declaration of insolvency by our legal representative, and on October 6, 2014 TAAG entered into a judicial liquidation procedure. As a result, effective September 15, 2014, we relinquished control of TAAG to the Tribunal and TAAG ceased to be our subsidiary and was deconsolidated from our financial statements. In accordance with consolidation guidance we derecognized the assets, liabilities and other comprehensive income of TAAG with a resulting non-cash gain on deconsolidation of \$1,711,748 recorded on the consolidated statements of operations for the year ended June 30, 2015. In addition, comparative information for prior periods have been restated to segregate the assets, liabilities, revenue, expenses, and cash flows related to TAAG as discontinued operations. We have determined based on discussion with French counsel that it is remote that we will be liable for the unsatisfied liabilities of TAAG as a result of the insolvency process in France, and as a result, we have eliminated any respective liability as of June 30, 2015.

## MANAGEMENT

### Directors and Executive Officers

The following table sets forth the name, age, position and date of appointment of each of our directors and executive officers as of June 30, 2016. Each director serves until our next annual meeting or until his or her successor is duly elected and qualified. Each executive officer serves until the earlier of his or her death or resignation, or his or her successor is duly elected and qualified.

| <b>Name</b>                                       | <b>Age</b> | <b>Position</b>                                 | <b>Date of Appointment</b> |
|---|------------|---|----------------------------|
| Peter Victor Derycz                               | 54         | Chief Executive Officer, President and Director | January 6, 2006            |
| Alan Louis Urban                                  | 47         | Chief Financial Officer and Secretary           | November 3, 2011           |
| Scott Ahlberg                                     | 52         | Chief Operating Officer                         | July 1, 2007               |
| Janice Peterson                                   | 68         | Chief Publisher Relations Officer and Director  | July 1, 2006               |
| Ian Palmer  | 41         | Chief Sales and Marketing Officer               | July 1, 2013               |
| John Regazzi <sup>(1)</sup> <sup>(4)</sup>        | 68         | Chairman of the Board                           | June 22, 2015              |
| Chad J. Cooper <sup>(1)</sup> <sup>(3)</sup>      | 46         | Director  | March 31, 2016             |
| Gen. Merrill McPeak <sup>(1)</sup> <sup>(2)</sup> | 79         | Director  | November 5, 2010           |

(1) Member of Audit Committee, Compensation Committee and Nominating and Governance Committee.

(2) Chairman of the Compensation Committee.

(3) Chairman of the Audit Committee.

(4) Chairman of the Nominating and Governance Committee.



***Peter Victor Derycz – Chief Executive Officer and President, Director***

Mr. Derycz founded Reprints Desk and has served as its Chief Executive Officer and President since January 6, 2006. Mr. Derycz also served as Chairman of the Board from January 6, 2006 through August 19, 2015. Mr. Derycz was a founder of Infotrieve, Inc. in 1989 and served as its President from February 2003 until September 2003. He served as the Chief Executive Officer of Puerto Luperon, Ltd. (Bahamas), a real estate development company, from January 2004 until December 2005. He currently serves on the International Advisory Board of the San Jose State University School of Information, and served as a member of the board of directors of Insignia Systems, Inc. (NASDAQ:ISIG), a consumer products advertising company from 2006 to 2014. Mr. Derycz received a B.A. in Psychology from the University of California at Los Angeles. Our board of directors believes that Mr. Derycz' familiarity with our day-to-day operations, his strategic vision for our business and his past leadership and management experience make him uniquely qualified to serve as a director.

***Alan Louis Urban – Chief Financial Officer and Secretary***

Mr. Urban joined Research Solutions in 2011 and has over 20 years of experience in corporate finance and accounting. Mr. Urban has previously served in numerous senior management positions, including: Vice President of Finance and Treasurer for Infotrieve from 2000 to 2004; Chief Financial Officer of a leading online poker company from 2005 to 2006; and Chief Financial Officer of ReachLocal (NASDAQ:RLOC) from 2007 to 2009, an internet marketing company that ranked #1 on Deloitte's Tech Fast 500 List. Mr. Urban has also held positions as an audit and tax manager in public accounting, and as an internal auditor. He holds a B.S. in Business, with a concentration in Accounting Theory and Practice, from California State University, Northridge and has been a Certified Public Accountant (currently inactive) since 1998.

***Scott Ahlberg – Chief Operating Officer***

Mr. Ahlberg has effectively served as the Chief Operating Officer since July 1, 2007, and has many years of experience in content and startup businesses. Mr. Ahlberg started with Dynamic Information (EbscoDoc) in the 1980s, then went on to lead Sales and Marketing at Infotrieve, Inc. After leaving Infotrieve in 2005 Mr. Ahlberg provided consulting services to ventures in professional networking and medical podcasting. He joined Reprints Desk in 2006. His areas of expertise include strategic planning, operational innovation, copyright and content licensing, and quality management. Mr. Ahlberg has degrees from Stanford University (B.A., 1984) and the University of London (M.A., 1990).

***Janice Peterson –Chief Publisher Relations Officer, Director***

Ms. Peterson has served as the Chief Publisher Relations Officer and as a Director since July 1, 2006. She was Vice President for Content Development at Infotrieve, Inc. from 2000 to 2006 and Vice President for Publisher Relations and Content Development at RoweCom, formerly Faxon/Dawson, from 1997 to 2000. Ms. Peterson was at Academic Press (now Elsevier) for 14 years, where her last position was Fulfillment Director. Ms. Peterson is Past Chair of the board of directors for the National Information Standards Organization (NISO), and she is the past chair of the International Committee for EDI in Serials (ICEDIS). She has a degree in History from Whittier College and an M.A. in Asian Studies from California State College, San Diego. She joined Reprints Desk in 2006. Our board of directors believes that Ms. Peterson should serve as a director due to her extensive industry-specific knowledge and business experience, including a familiarity with our day-to-day operations.

***Ian Palmer –Chief Sales and Marketing Officer***

Mr. Palmer joined Research Solutions in 2008 and has served as our Chief Sales and Marketing Officer since July 1, 2013. He drives our growth through customer retention and acquisition. He has two decades of sales, marketing and communications experience in industries such as online information, high tech and business services. Most recently, Mr. Palmer was responsible for managing enterprise marketing at Safari Books Online, a joint venture of publishers O'Reilly Media, Inc., and Pearson Technology Group, a division of Pearson Education. Previously, Mr. Palmer held senior-level positions at Infotrieve, Inc., Hydra Worldwide Corporation, Singular Publishing Group, Inc., and Impinj, Inc., a previous winner of the Red Herring Top 100 Private Companies of North America Award. Mr. Palmer is from the Pacific Northwest and earned a Bachelor's Degree in Communications from the University of Washington.

***John Regazzi – Chairman of the Board***

Mr. Regazzi was appointed to our board of directors on June 22, 2015 and was appointed Chairman of the Board effective August 20, 2015. Mr. Regazzi is an information services and IT industry innovator, with more than four decades of experience. He is currently managing director of Akoya Capital Partners, a sector-focused private investment firm, where for the last few years he has served as its professional information services sector leader. He has also been a professor at the Long Island University's College of Education, Information and Technology since 2005, and has served as dean of LIU's College of Information and Computer Science. Before joining Akoya Capital Partners, Mr. Regazzi served for several years as CEO of Elsevier Inc. and managing director of the NYSE-listed Reed Elsevier, the world's largest publisher and information services company for journal and related scientific, technical and medical content. At Reed Elsevier, he oversaw its expansive electronic publishing portfolio, with a program staff of 3,000 and revenues exceeding \$1 billion. He was previously CEO of Engineering Information, which he helped turnaround before being acquired by Reed Elsevier. As a recognized industry thought leader, Mr. Regazzi has designed, launched, and managed some of the most innovative and well-known information services in the professional communities, including the Engineering Village, Science Direct, Scirus and Scopus, as well as numerous other electronic information services dating back to the early days of the online and CD-ROM industries. Mr. Regazzi has served on a variety of corporate and industry boards, including the British Standards Institute Group and the American Institute of Physics, and he recently was appointed and serves as chairman of the board of National Technical Information Service, a division of the U.S. Department of Commerce. He currently serves as chairman of LawLogix Group and Inflexxion, both Akoya portfolio companies. Mr. Regazzi earned his B.S. from St. Johns University, M.A. from University of Iowa, M.S. from Columbia University, and Ph.D. in Information Science from Rutgers University. Our board of directors concluded that Mr. Regazzi should serve as a director in light of his extensive experience in the information services industry.

***General Merrill McPeak – Director***

Gen. McPeak was appointed to our Board of directors on November 5, 2010. He is President of McPeak and Associates, a company he founded in 1995. From 1990 until his retirement from active military service in late-1994, he was chief of staff of the U.S. Air Force. During this period, he was the senior officer responsible for organization, training and equipping of a combined active duty, National Guard, Reserve and civilian work force of over 850,000 people serving at 1,300 locations in the United States and abroad. As a member of the Joint Chiefs of Staff, he and the other service chiefs were military advisors to the Secretary of Defense and the President. Gen. McPeak has served on the board of directors of several publicly traded companies, including long service with Trans World Airlines, Inc. and with the test and measurement company, Tektronix, Inc. He was for many years Chairman of the Board of ECC International Corp., until that company was acquired by Cubic Corporation. Currently, Gen. McPeak is a director of Aerojet Rocketdyne (NYSE: AJRD), Del Global Holdings (OTC: DGTC.OB), Lilis Energy (NASDAQ: LLEX) and Lion Biotechnologies, Inc. (NASDAQ: L BIO). He is a director of Valence Surface Technologies, the country's largest privately held provider of metal processing and finishing services. General McPeak was a founding investor, director and chairman of Ethicspoint, Inc., a software-as-a-service provider of secure, confidential employee reporting systems, that was acquired by private equity at a return making it one of Oregon's most successful business startups in decades. Our board of directors concluded that Gen. McPeak should serve as a director in light of his demonstrated leadership abilities and years of experience serving on the boards of directors of numerous publicly traded corporations.

***Chad J. Cooper – Director***

Mr. Cooper is a Managing Director at Wunderlich Securities, Inc. He has more than 15 years' experience in the investment banking and capital markets industry. From 2002-2011, Mr. Cooper worked at Roth Capital Partners, where he ultimately became a Partner and the Director of Institutional Sales. Mr. Cooper also manages DO Capital Management, a family office that actively invests personal assets in micro-cap and small-cap companies. Mr. Cooper currently sits on the board of directors of ARI Network Services, Inc., (NASDAQ:ARIS), YouMail, Inc., and Wings for Crossover, a 501(c)3 non-profit organization. Mr. Cooper has a B.A. in International Relations from the University of Southern California, and an M.B.A. from Georgetown University. In light of Mr. Cooper's financial and executive experience, including his experience having served as a director and audit committee member of several public companies, our board of directors believes it to be in the Company's best interests that Mr. Cooper serve as a director.

**Director Independence**

Our board of directors currently consists of five members: Messrs. Regazzi (Chairman), Cooper, Derycz and McPeak and Ms. Peterson. Each director serves until our next annual meeting or until his or her successor is duly elected and qualified. Our board of directors has determined that Mr. Regazzi, Mr. Cooper and Gen. McPeak are independent

directors as that term is defined in the applicable rules for companies traded on The NASDAQ Capital Market. Mr. Regazzi, Mr. Cooper and Gen. McPeak are each members of the Audit Committee, Compensation Committee and Nominating and Governance Committee of our board of directors.

### **Code of Ethics**

Our board of directors has adopted a Code of Ethical Conduct that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The code is available in the Corporate Governance – Code of Ethical Conduct section of our website, [www.researchsolutions.com](http://www.researchsolutions.com).

### **Further Information Concerning our board of directors**

Our board of directors currently has the following standing committees: Audit Committee, Compensation Committee and Nominating and Governance Committee.

### *Audit Committee*

Our Audit Committee currently consists of Messrs. Cooper (Chairman), McPeak and Regazzi. Our board of directors has determined that Mr. Cooper is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K, and that each member of our Audit Committee is able to read and understand fundamental financial statements and has substantial business experience that results in such member's financial sophistication. Accordingly, our board of directors believes that each member of our Audit Committee has sufficient knowledge and experience necessary to fulfill such member's duties and obligations on our Audit Committee. The primary purposes of our Audit Committee are to assist our board of directors in fulfilling its responsibility to oversee the accounting and financial reporting processes of our company and audits of our financial statements, including (i) reviewing the scope of the audit and all non-audit services to be performed by our independent accountant and the fees incurred by us in connection therewith, (ii) reviewing the results of such audit, including the independent accountant's opinion and letter of comment to management and management's response thereto, (iii) reviewing with our independent accountants our internal accounting principles, policies and practices and financial reporting, (iv) engaging our independent accountants and (v) reviewing our quarterly and annual financial statements prior to public issuance. The role and responsibilities of our Audit Committee are more fully set forth in a revised written Charter adopted by our board of directors on September 18, 2015, which is available on our website located at [www.researchsolutions.com](http://www.researchsolutions.com).

### *Compensation Committee*

Our Compensation Committee currently consists of Messrs. McPeak (Chairman), Cooper and Regazzi. The primary purposes of our Compensation Committee are to assist our board of directors in fulfilling its responsibility to determine the compensation of our executive officers and to approve and evaluate the compensation policies and programs of our company, including (i) reviewing the compensation packages of executive officers and making recommendations to our board of directors for said compensation packages, (ii) reviewing and approving proposed stock incentive grants and (iii) providing our board of directors with recommendations regarding bonus plans, if any. The role and responsibilities of our Compensation Committee are more fully set forth in a revised written Charter adopted by our board of directors on September 18, 2015, which is available on our website located at [www.researchsolutions.com](http://www.researchsolutions.com).

The policies underlying our Compensation Committee's compensation decisions are designed to attract and retain the best-qualified management personnel available. We routinely compensate our executive officers through salaries. At our discretion, we may reward executive officers and employees through bonus programs based on profitability and other objectively measurable performance factors. Additionally, we use stock options and other incentive awards to compensate our executives and other key employees to align the interests of our executive officers with the interests of our stockholders. In establishing executive compensation, our Compensation Committee evaluates compensation paid to similar officers employed at other companies of similar size in the same industry and the individual performance of each officer as it impacts our overall performance with particular focus on an individual's contribution to the realization of operating profits and the achievement of strategic business goals. Our Compensation Committee

further attempts to rationalize a particular executive's compensation with that of other executive officers of our company in an effort to distribute compensation fairly among the executive officers. Although the components of executive compensation (salary, bonus and incentive grants) are reviewed separately, compensation decisions are made based on a review of total compensation.

### *Nominating and Governance Committee*

Our Nominating and Governance Committee currently consists of Messrs. Regazzi (Chairman), Cooper and McPeak. The primary purposes of our Nominating and Governance Committee are to (i) identify individuals qualified to become members of our board of directors and recommend to our board of directors the nominees for the next annual meeting of our stockholders and candidates to fill vacancies on our board of directors, (ii) recommend to our board of directors the directors to be appointed to committees of our board of directors and (iii) oversee the effectiveness of our corporate governance in accordance with regulatory guidelines and any other guidelines we establish, including evaluations of members of executive management, our board of directors and its committees. The role and responsibilities of our Nominating and Governance Committee are more fully set forth in a revised written Charter adopted by our board of directors on October 15, 2012, which is available on our website located at [www.researchsolutions.com](http://www.researchsolutions.com).

Our Nominating and Governance Committee's methods for identifying candidates for election to our board of directors (other than those proposed by our stockholders, as discussed below) include the solicitation of ideas for possible candidates from a number of sources - members of our board of directors; our executives; individuals personally known to the members of our board of directors; and other research. Our Nominating and Governance Committee may also, from time-to-time, retain one or more third-party search firms to identify suitable candidates.

A stockholder of our company may nominate one or more persons for election as a director at an annual meeting of stockholders if the stockholder complies with the notice, information and consent provisions contained in our Amended and Restated Bylaws. In addition, the notice must be made in writing and set forth as to each proposed nominee who is not an incumbent Director (i) their name, age, business address and, if known, residence address, (ii) their principal occupation or employment, (iii) the number of shares of stock of our company beneficially owned, (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person pursuant to which the nominations are to be made and (v) any other information concerning the nominee that must be disclosed respecting nominees in proxy solicitations pursuant to Rule 14(a) of the Exchange Act of 1934, as amended. The recommendation should be addressed to our Secretary.

Among other matters, our Nominating and Governance Committee:

Reviews the desired experience, mix of skills and other qualities to assure appropriate board of directors composition, taking into account the current members of our board of directors and the specific needs of our company and our board of directors;

Conducts candidate searches, interviews prospective candidates and conducts programs to introduce candidates to our management and operations, and confirms the appropriate level of interest of such candidates;

Recommends qualified candidates who bring the background, knowledge, experience, independence, skill sets and expertise that would strengthen and increase the diversity of our board of directors; and

Conducts appropriate inquiries into the background and qualifications of potential nominees.

### ***Board Leadership Structure and Role in Risk Oversight***

Mr. Regazzi serves as our Chairman of the Board and Mr. Derycz serves as our Chief Executive Officer. We believe that separating the role of Chairman of the Board and Chief Executive Officer enhances our corporate governance practices and better enables management and our board of directors to focus on growth to maximize stockholder value. Our board of directors plays an active role, as a whole and also at the committee level, in overseeing management of our risks and strategic direction. Our board of directors regularly reviews information regarding our liquidity and operations, as well as the risks associated with each. Our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. Our Audit Committee oversees the process by which our senior management and relevant employees assess and manage our exposure to, and management of, financial risks. Our Nominating and Governance Committee also manages risks associated with the independence of members of our board of directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of



directors is regularly informed about such risks.

## EXECUTIVE COMPENSATION

**Summary Compensation Table**

The following table sets forth, as to our Chief Executive Officer and as to each of our other two most highly compensated executive officers whose compensation exceeded \$100,000 during the last fiscal year, information concerning all compensation paid for services to us in all capacities for our last two fiscal years.

| <b>Name and principle<br/>Position</b>                          | <b>Fiscal Year</b> | <b>Salary<br/>(\$)</b> | <b>Bonus<br/>(\$)</b> | <b>Stock<br/>awards<br/>(\$)</b> | <b>Option<br/>awards<br/>(\$)</b> | <b>All other<br/>compensation<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|---|--------------------|------------------------|-----------------------|----------------------------------|-----------------------------------|--|-----------------------|
| Peter Victor Derycz<br>Chief Executive Officer and<br>President | 2015               | 276,000                | 120,000               | 118,159 (1)                      | -                                 | 13,114                                     | 527,273               |
|   | 2014               | 276,000                | 60,000                | 78,004 (2)                       | -                                 | 12,074                                     | 426,078               |
| Alan Louis Urban<br>Chief Financial Officer and<br>Secretary    | 2015               | 201,250                | 90,000                | 88,615 (3)                       | -                                 | 11,437                                     | 391,302               |
|   | 2014               | 201,250                | 45,000                | 60,002 (4)                       | -                                 | 10,137                                     | 316,389               |
| Scott Ahlberg<br>Chief Operating Officer, Reprints<br>Desk      | 2015               | 178,200                | 90,000                | 88,615 (3)                       | -                                 | 12,238                                     | 369,053               |
|   | 2014               | 178,200                | 45,000                | 61,503 (5)                       | -                                 | 10,182                                     | 294,885               |

Represents the grant date fair value of 57,000 shares of restricted stock granted on August 18, 2014, 22,860 shares of restricted stock granted on November 7, 2014, 33,333 shares of restricted stock granted on March 10, 2015, and (1) 24,835 shares of restricted stock granted on May 22, 2015. The grant date fair value was estimated using the market price of our common stock at the date of grant. The restricted stock vests over a three-year period, with a one year cliff vesting period, and remains subject to forfeiture if vesting conditions are not met.

Represents the grant date fair value of 33,333 shares of restricted stock granted on September 6, 2013, 2,540 shares of restricted stock granted on November 22, 2013, 2,051 shares of restricted stock granted on January 28, 2014, (2) and 7,843 shares of restricted stock granted on May 19, 2014. The grant date fair value was estimated using the market price of our common stock at the date of grant. The restricted stock vests over a three-year period, with a one year cliff vesting period, and remains subject to forfeiture if vesting conditions are not met.

(3) Represents the grant date fair value of 42,750 shares of restricted stock granted on August 18, 2014, 17,140 shares of restricted stock granted on November 7, 2014, 25,000 shares of restricted stock granted on March 10, 2015, and 18,625 shares of restricted stock granted on May 22, 2015. The grant date fair value was estimated using the

market price of our common stock at the date of grant. The restricted stock vests over a three-year period, with a one year cliff vesting period, and remains subject to forfeiture if vesting conditions are not met.

Represents the grant date fair value of 25,833 shares of restricted stock granted on September 6, 2013, 1,905 shares of restricted stock granted on November 22, 2013, 1,538 shares of restricted stock granted on January 28, 2014, (4) and 5,882 shares of restricted stock granted on May 19, 2014. The grant date fair value was estimated using the market price of our common stock at the date of grant. The restricted stock vests over a three-year period, with a one year cliff vesting period, and remains subject to forfeiture if vesting conditions are not met.

Represents the grant date fair value of 26,667 shares of restricted stock granted on September 6, 2013, 1,905 shares of restricted stock granted on November 22, 2013, 1,538 shares of restricted stock granted on January 28, 2014, (5) and 5,882 shares of restricted stock granted on May 19, 2014. The grant date fair value was estimated using the market price of our common stock at the date of grant. The restricted stock vests over a three-year period, with a one year cliff vesting period, and remains subject to forfeiture if vesting conditions are not met.

## **Employment Agreements**

### ***Peter Victor Derycz***

On July 1, 2010, we entered into an executive employment agreement with Mr. Derycz which was subsequently amended on June 30, 2015. Under the terms of the executive employment agreement, Mr. Derycz has agreed to serve as our Chief Executive Officer and President on an at-will basis. The term of the agreement ends on June 30, 2017. The agreement provides for a base salary of \$317,400 per year. No part of Mr. Derycz's salary is allocated to his duties as a director of our company.

The agreement contains provisions that prohibit Mr. Derycz from soliciting our customers or employees during his employment with us and for one year afterward. The agreement also contains provisions that restrict disclosure by Mr. Derycz of our confidential information and assign ownership to us of inventions related to our business that are created by him during his employment. We may terminate the agreement at any time, with or without cause. Mr. Derycz will be eligible to receive an amount equal to three (3) months of his then-current base salary payable in the form of salary continuation if he is terminated without cause. Mr. Derycz may terminate the agreement at any time, with or without reason, upon four weeks' advance written notice.

***Alan Louis Urban***

On November 3, 2011, we entered into an executive employment agreement with Mr. Urban which was subsequently amended on June 30, 2015. Under the terms of the executive employment agreement, Mr. Urban has agreed to serve as our Chief Financial Officer on an at-will basis. The term of the agreement ends on June 30, 2017. The agreement provides for a base salary of \$231,440 per year.

The agreement contains provisions that prohibit Mr. Urban from soliciting our customers or employees during his employment with us and for one year afterward. The agreement also contains provisions that restrict disclosure by Mr. Urban of our confidential information and assign ownership to us of inventions related to our business that are created by him during his employment. We may terminate the agreement at any time, with or without cause. Mr. Urban will be eligible to receive an amount equal to three (3) months of his then-current base salary payable in the form of salary continuation if he is terminated without cause. Mr. Urban may terminate the agreement at any time, with or without reason, upon four weeks' advance written notice.

***Scott Ahlberg***

On July 1, 2010, we entered into an executive employment agreement with Mr. Ahlberg which was subsequently amended on June 30, 2015. Under the terms of the executive employment agreement, Mr. Ahlberg has agreed to serve as Chief Operating Officer of Reprints Desk on an at-will basis. The term of the agreement ends on June 30, 2017. The agreement provides for a base salary of \$204,930 per year.

The agreement contains provisions that prohibit Mr. Ahlberg from soliciting our customers or employees during his employment with us and for one year afterward. The agreement also contains provisions that restrict disclosure by Mr. Ahlberg of our confidential information and assign ownership to us of inventions related to our business that are created by him during his employment. We may terminate the agreement at any time, with or without cause. Mr. Ahlberg will be eligible to receive an amount equal to three (3) months of his then-current base salary payable in the

form of salary continuation if he is terminated without cause. Mr. Ahlberg may terminate the agreement at any time, with or without reason, upon four weeks' advance written notice.

***Janice Peterson***

On July 1, 2010, we entered into an executive employment agreement with Ms. Peterson which was subsequently amended on June 30, 2015. Under the terms of the executive employment agreement, Ms. Peterson has agreed to serve as Chief Publisher Relations Officer of Reprints Desk on an at-will basis. The term of the agreement ends on June 30, 2017. The agreement provides for a base salary of \$188,080 per year. No part of Ms. Peterson's salary is allocated to her duties as a director of our company.

The agreement contains provisions that prohibit Ms. Peterson from soliciting our customers or employees during her employment with us and for one year afterward. The agreement also contains provisions that restrict disclosure by Ms. Peterson of our confidential information and assign ownership to us of inventions related to our business that are created by her during her employment. We may terminate the agreement at any time, with or without cause. Ms. Peterson will be eligible to receive an amount equal to three (3) months of her then-current base salary payable in the form of salary continuation if she is terminated without cause. Ms. Peterson may terminate the agreement at any time, with or without reason, upon four weeks' advance written notice.

**Outstanding Equity Awards at Fiscal Year End**

The following table presents information regarding outstanding options held by our named executive officers as of the end of our fiscal year ended June 30, 2015.

| Name | Number of securities underlying unexercised options exercisable (#) | Number of securities underlying unexercised options unexercisable (#) | Option exercise price (\$) | Option expiration date (4) | Stock Awards: Number of shares of stock that have not vested (#) | Stock Awards: Market value of shares of stock |
|------|---|---|----------------------------|----------------------------|--|---|
|      |   |   |                            |                            |  |   |