



*We connect our vendor partners with our  
global network of solution providers*

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# Wayside Technology Investor Presentation

August 2022 | Nasdaq: WSTG

# DISCLAIMERS

This presentation is for informational purposes only and is not an offer to sell securities or a solicitation of an offer to buy any securities and may not be relied upon in connection with the purchase or sale of any security. Sales and offers to sell Wayside Technology Group, Inc. securities will only be made in accordance with the Securities Act of 1933, as amended, and applicable Securities and Exchange Commission ("SEC") regulations, including the written prospectus requirements.

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This presentation may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, in this release that address activities, events or developments which we expect will or may occur in the future are forward-looking statements, including statements regarding the intent, belief or current expectations of Wayside and members of our management team. The words "will," "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements, including those regarding guidance on future financial results; expectations concerning market opportunities and our ability to capitalize on them; and the amount and timing of the benefits expected from acquisitions, new products or services and other potential sources of additional revenue. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties. These risk and uncertainties include, without limitation, the continued acceptance of the Wayside's distribution channel by vendors and customers, the timely availability and acceptance of new products, product mix, market conditions, contribution of key vendor relationships and support programs, as well as factors that affect the software industry in general and other factors. Currently, one of the most significant factors, however, is the potential adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on Wayside, the global economy and financial markets. The extent to which COVID-19 impacts Wayside will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, including the impact on our reseller partners and the end customer markets they serve, among others. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in our filings with the SEC, including our Annual Report on Form 10-K. Actual results may differ materially from those contemplated by the forward-looking statements. We undertake no obligation to update our forward-looking statements to reflect future events or circumstances.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A presentation of and reconciliation to the most directly comparable GAAP financial measure, where such can be done without unreasonable effort, can be found in the appendix to this presentation or on our Web site at [www.waysidetechnology.com/investor](http://www.waysidetechnology.com/investor).

This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, we have not independently verified this statistical data.



## HIGHLIGHTS

*Fiscal Q2 of 2022*



### TRADING DATA @ (8/4/22)

Stock Price

**\$31.00**

Shares Outstanding

**4.3M**

Market Cap

**\$131.4M**

### FINANCIAL HIGHLIGHTS (TTM Q2'22)

Adj Gross Billings

**\$ 969.5M**

Adj EBITDA

**\$18.1M**

**\$48.4M**

GROSS PROFIT

**0.1x**

EV/SALES (TTM)

**\$11.4M**

NET INCOME

**6.3x**

EV/AEBITDA (TTM)

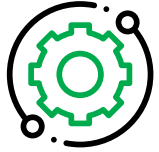
Cash & Equivalents

**\$29.3M**

Total Debt

**\$2.1M**

# WHO WE ARE



**Wayside provides value through its specialty IT distributors**, Climb Channel Solutions and Grey Matter in North America and Europe



**We specialize in emerging technology vendors**, distributing their IT products to 6,000+ partners worldwide



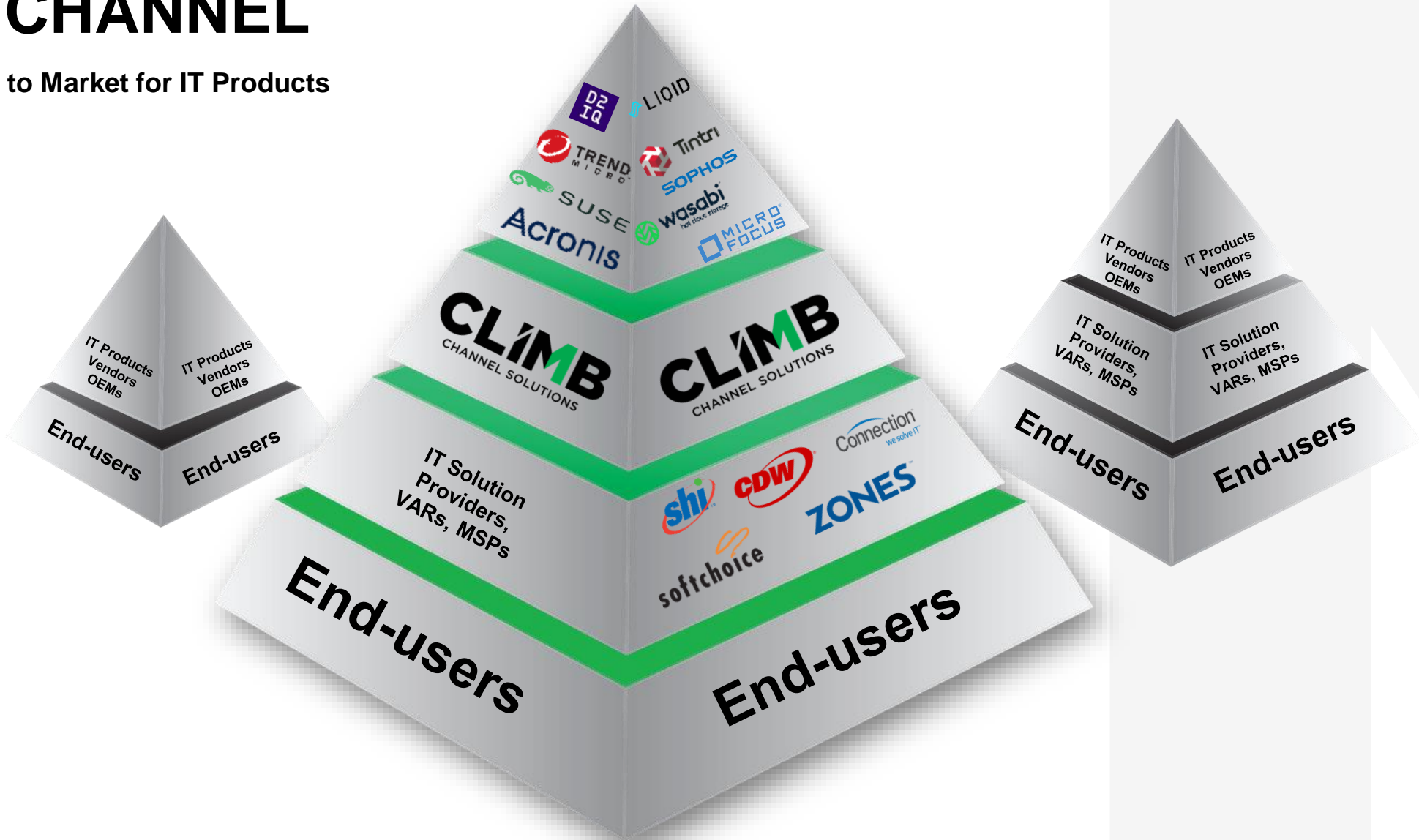
**New management team with decades of IT distribution experience** refocused Wayside from 'order taker' to 'proactive sales' culture, leading the company to renewed growth



**Two accretive 2020 acquisitions** add to Wayside's sales potential in the underserved market of emerging information technology distribution

# THE IT CHANNEL

Multiple Routes to Market for IT Products





# WE ADD VALUE TO VENDORS AND CUSTOMERS

## EMERGING OEM VENDORS

Don't have the resources to effectively manage sales & logistics

“How can we get our products to market faster?”

“No one knows who we are.”

## VARs AND END USERS

So many options for technology products

New entrants come to market every day

“What technology makes the most sense for us?”

# What We Sell<sup>1</sup>

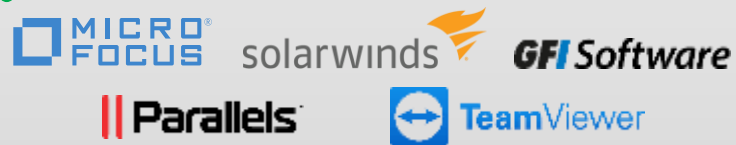
## SOFTWARE AND APPLICATION LIFECYCLE



## SECURITY



## CONNECTIVITY



## STORAGE AND HCI



## VIRTUALIZATION AND CLOUD



## DATA MANAGEMENT



**CLIMB**  
CHANNEL SOLUTIONS

# WHO WE SELL TO

## DIRECT MARKET RESELLERS (DMRs)



## EMERGING FOCUSED SOLUTION PROVIDERS



THOUSANDS OF VARs, MSPs & CLOUD INTEGRATORS  
**OVER 6,000 TRANSACTING PARTNERS**



# WHY WE WIN



We find disruptive technology vendors and partner with them early, enabling strong organic growth for years ahead.

We are highly focused on our core vendors and can actively sell their products, in comparison to large distributors that focus on volume of products that sell themselves.

## These products sell themselves

Heard of them?



## Sold by volume distributors



## These products do not



## Sold by specialists



# SHIFT IN COMPANY FOCUS



Executive management team with decades of IT distribution experience focused on becoming the leading emerging technology distributor



Enacted a sales culture to scale partners in the IT channel through purpose driven strategies and expertise.



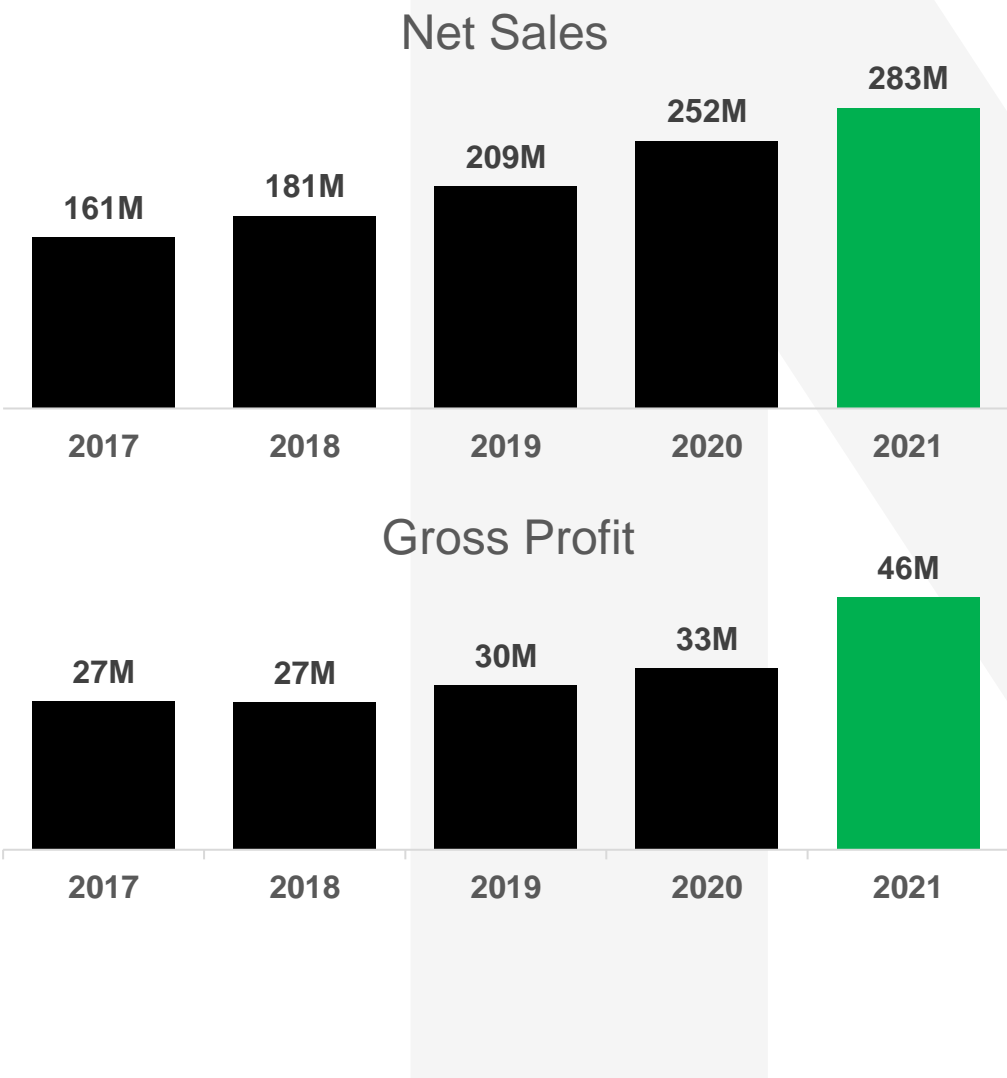
Implemented a new vendor recruitment plan



Freed-up cash on balance sheet to improve capital allocation opportunities



In 2020, completed the first two accretive acquisitions since 1995



# VENDOR RECRUITMENT HIGHLIGHTS<sup>1</sup>



**600+ prospective vendors evaluated since Q1 2018**, producing 91 net new contractual relationships



**Climb's top 20 brands** produce over 78% of adj. gross billings and 74% of gross profit.



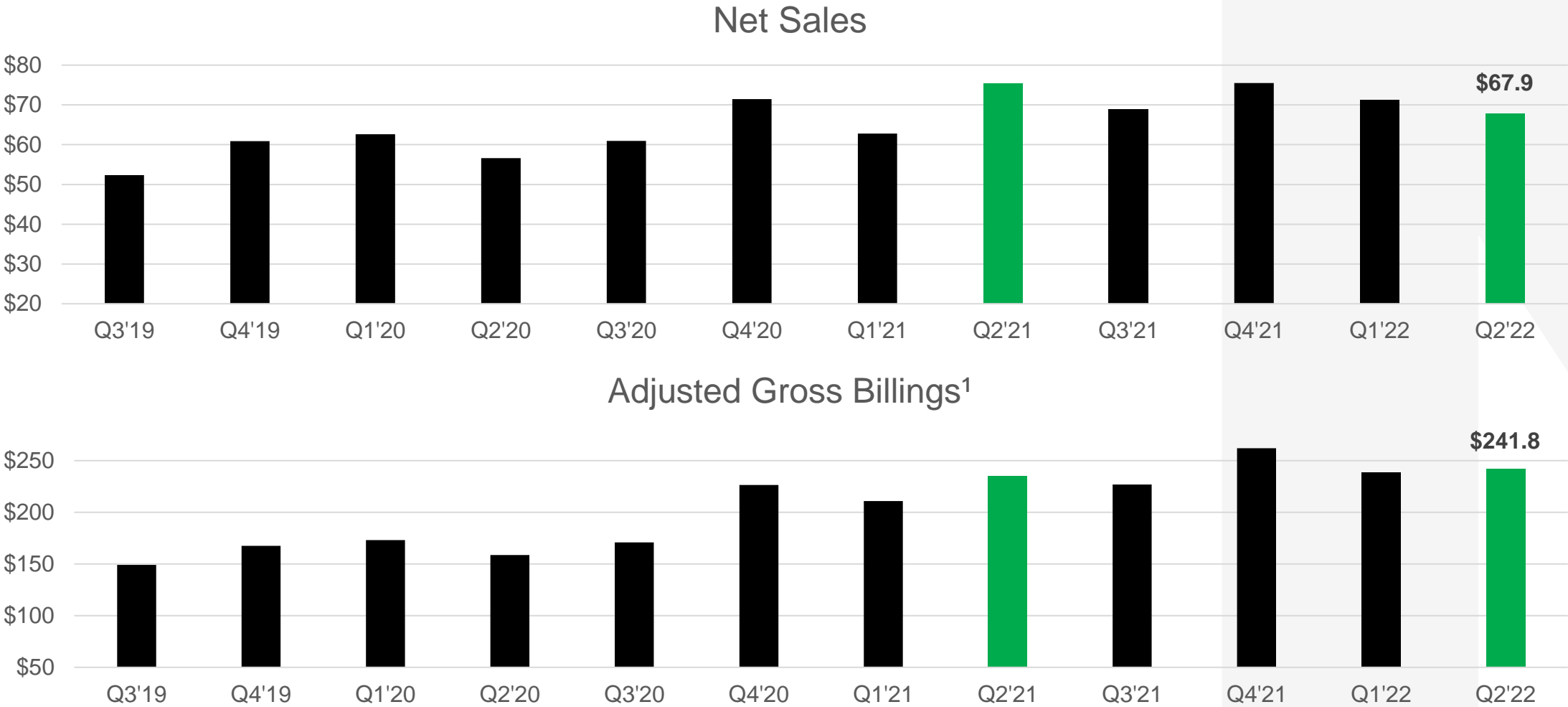
**14 of Climb's top 40 brands** have been signed since Q1 2018



**Continuous Evaluation and Focus.** Climb's line card of vendors has been pared down to 100+ brands from 265 in Q1 2018

<sup>1</sup>) As of June 30, 2022

# CONSISTENT QUARTERLY SALES GROWTH *(in Millions)*



1) See appendix for reconciliation of this non-GAAP measure.

# SEASONED EXECUTIVE TEAM

<b>Dale Foster</b> <b>Chief Executive Officer &amp; Director</b>	<ul style="list-style-type: none"><li>• 20+ years of technology distribution industry experience</li><li>• Former president of Promark Technology, led emerging vendor division after Ingram Micro acquisition in 2012</li></ul>
<b>Drew Clark</b> <b>Chief Financial Officer</b>	<ul style="list-style-type: none"><li>• 35+ years of finance and operations experience for both public and private companies</li><li>• Former COO of Medisolv, Inc. and Board Director at SafeNet and Howard Bancorp</li></ul>
<b>Charles Bass</b> <b>Vice President &amp; Chief Marketing Officer</b>	<ul style="list-style-type: none"><li>• 26+ years of sales, marketing and business development experience</li><li>• Former Vice President of Channel Sales at Blue Medora and Vice President of Vendor Alliances and Marketing at Promark Technology</li></ul>
<b>Vito Legrotaglie</b> <b>Vice President &amp; Chief Information Officer</b>	<ul style="list-style-type: none"><li>• 20+ years of experience in information systems and technology</li><li>• Former Vice President at Information Systems and Chief Technology Officer at Swell Commerce Inc.</li></ul>

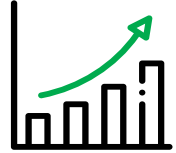


## Financial Review

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# Q2 2022 HIGHLIGHTS



**56% increase in net income** over Q2 2021, reflecting strong organic growth from new and existing vendors.



**Gradual rebound in IT spending** from industry-wide lows due to the COVID-19 pandemic in Q2 of 2020

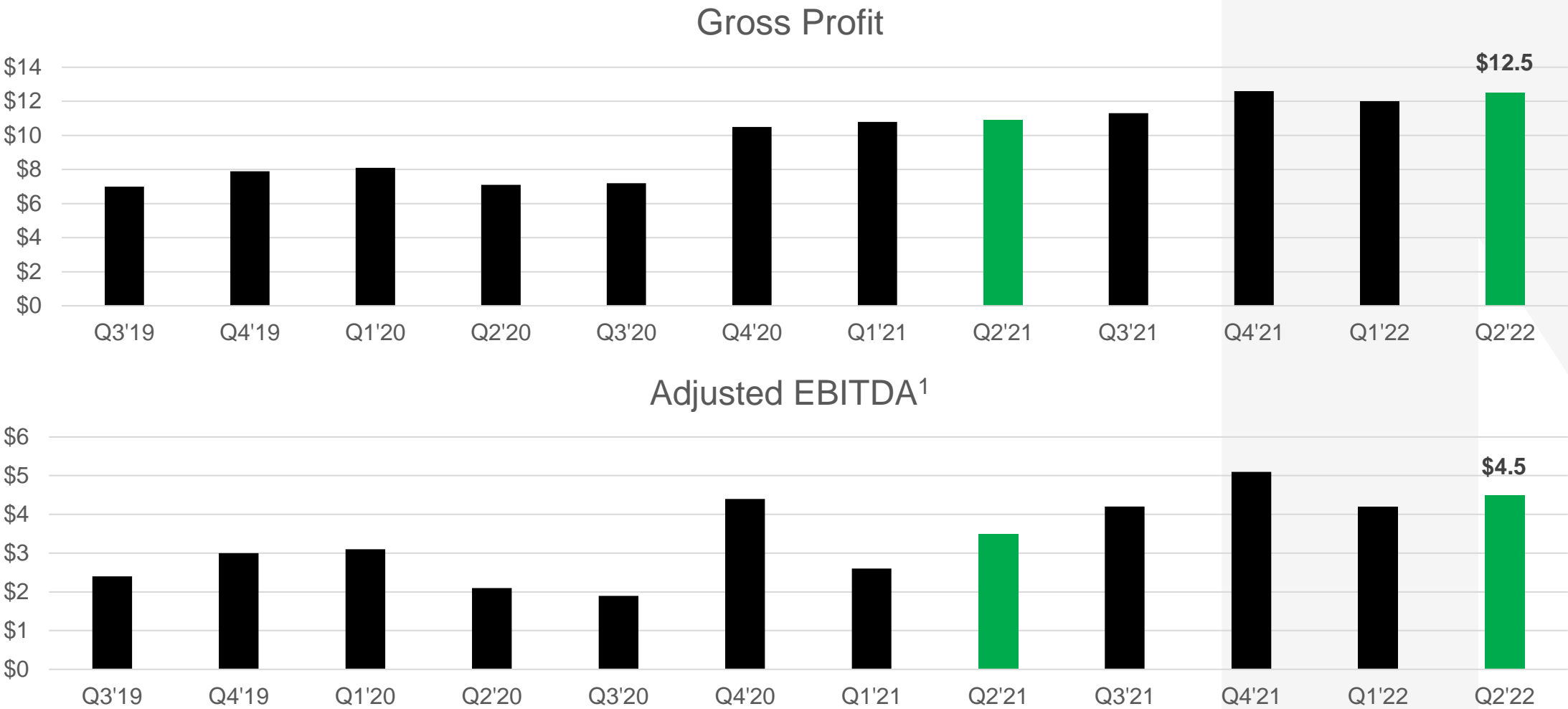


Continuing to leverage our strong foundation to seek **accretive acquisitions in the IT distribution and solutions marketplace**



Strong balance sheet with cash and cash equivalents of **\$29.3 million** as of June 30, 2022

# GROWING PROFITABILITY *(in Millions)*



1) See appendix for reconciliation of this non-GAAP measure.

# PRUDENT STEWARDS OF CAPITAL

## Capital Allocation Priorities



Investments in  
Core Business



Investments in  
New Markets



Strategic M&A



Shareholder Returns

## M&A

- Interwork Technologies acquisition closed April 2020
- CDF Group acquisition closed November 2020
- Continue to seek accretive transactions to expand our portfolio of offerings that meet our stringent ROIC requirements

## CapEx

- Disciplined CapEx spend
- Reinvestment in core verticals

## Dividends

- \$0.17 quarterly cash dividend for Q2 2022
- 16+ consecutive year history

# SUMMARY & HIGHLIGHTS



**Information technology distributor** filling a critical void in the value chain for emerging IT vendors



**Seasoned management team** in place with proven track record of execution and growth



**Renewed sustainable growth** on both top and bottom line (GP & AEBITDA)



Foundation in place to **become a global leader** in emerging IT distribution through organic and acquisition growth



**6,000+**

Transacting Customers



**100+**

Vendor Relationships



**56%**

Net Income Growth  
(Q2 2022)



**\$29.3M**

Cash and Cash  
Equivalents  
(6/30/22)



# CONTACT

## Investor Relations:

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## Company:

Drew Clark

Chief Financial Officer

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[drew@waysidetechnology.com](mailto:drew@waysidetechnology.com)

# Appendix

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# BOARD OF DIRECTORS

<b>Jeffrey Geygan</b> Chairman of the Board	<ul style="list-style-type: none"> <li>• Significant experience in the financial services industry providing investment research and advisory services</li> <li>• President and CEO of GVIC and former senior portfolio manager at UBS Financial Services</li> </ul>
<b>Dale Foster</b> Chief Executive Officer & Director	<ul style="list-style-type: none"> <li>• Over 20 years of technology distribution industry experience</li> <li>• Former president of Promark Technology, led emerging vendor division after Ingram Micro acquisition in 2012</li> </ul>
<b>Andrew Bryant</b> Independent Director	<ul style="list-style-type: none"> <li>• Extensive executive level experience in the technology distribution industry</li> <li>• Former COO of Arrow Electronics (NYSE: ARW) division, previously held executive-level roles with Avnet (Nasdaq: AVT)</li> </ul>
<b>John McCarthy</b> Independent Director	<ul style="list-style-type: none"> <li>• Substantial leadership experience in the technology industry driving innovation and managing growth</li> <li>• CEO of Mainline Information Systems and previously held executive positions with EMC, StorageApps, CNT, MCDATA and Virtual Iron</li> </ul>
<b>Gerri Gold</b> Independent Director	<ul style="list-style-type: none"> <li>• Nearly three decades of executive experience in information technology and equipment financing</li> <li>• Current SVP and COO of HPE Financial Services, the IT asset management division of Hewlett Packard Enterprise (NYSE: HPE)</li> </ul>
<b>Greg Scorziello</b> Independent Director	<ul style="list-style-type: none"> <li>• More than 30 years of experience creating and building international operations for early and mid-stage companies</li> <li>• Held several international leadership and management roles with companies like Immuta, Activio, and IBM</li> </ul>

# ADJUSTED EBITDA RECONCILIATION

We define adjusted EBITDA, as net income, plus provision for income taxes, depreciation, amortization, share-based compensation, interest, legal and financial advisory expenses – unsolicited bid and related matters and acquisition related costs. We define effective margin as adjusted EBITDA as a percentage of gross profit. We provided a reconciliation of adjusted EBITDA to net income, which is the most directly comparable US GAAP measure. We use adjusted EBITDA as a supplemental measure of our performance to gain insight into our businesses profitability when compared to the prior year and our competitors. Adjusted EBITDA is also a component to our financial covenants in our credit facility. Our use of adjusted EBITDA has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate adjusted EBITDA, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	TTM Q2'22
Net Income	\$ 5,062	\$ 3,538	\$ 6,787	\$ 4,474	\$ 9,198	\$ 11,389
Taxes	3,491	1,579	2,261	1,746	3,166	3,430
Depreciation and Amortization	477	482	487	704	1,529	1,536
Interest Expense	67	37	58	116	68	73
<b>EBITDA</b>	<b>\$ 9,097</b>	<b>\$ 5,636</b>	<b>\$ 9,593</b>	<b>\$ 7,040</b>	<b>\$ 13,961</b>	<b>\$ 16,428</b>
Stock Comp	1,512	1,108	759	1,278	1,546	1,643
Legal and financial advisory expenses – unsolicited bid and related matters	-	-	120	1,586	-	-
Acquisition-related costs	-	-	-	1,518	-	-
Separation expenses	-	2,446	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 10,609</b>	<b>\$ 9,190</b>	<b>\$ 10,472</b>	<b>\$ 11,422</b>	<b>\$ 15,507</b>	<b>\$ 18,071</b>

# ADJUSTED GROSS BILLINGS RECONCILIATION

We define adjusted gross billings as net sales in accordance with US GAAP, adjusted for the cost of sales related to sales where the Company is an agent. We provided a reconciliation of adjusted gross billings to net sales, which is the most directly comparable US GAAP measure. We use adjusted gross billings of product and services as a supplemental measure of our performance to gain insight into the volume of business generated by our business, and to analyze the changes to our accounts receivable and accounts payable. Our use of adjusted gross billings of product and services as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate adjusted gross billings of product and services or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	Three months ended												
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
(\$ thousands):													
Net sales	50,676	52,363	60,862	62,618	56,586	60,919	71,445	62,813	75,350	68,911	75,508	71,319	67,863
Costs of sales related to sales where the Company is an agent	91,918	96,695	106,642	110,481	102,152	110,099	154,937	148,048	159,770	158,025	186,554	167,378	173,950
Adjusted gross billings (Non-GAAP)	142,594	149,058	167,504	173,099	158,738	171,018	226,382	210,861	235,120	226,936	262,062	238,697	241,813