



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

Wayside Technology Investor Presentation

Nov 2021 | Nasdaq: WSTG

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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.waysidetechology.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 Q3 of 2021

CLIMB
CHANNEL SOLUTIONS

» greymatter

TRADING DATA @ (11/4/21)

Stock Price

\$29.92

Shares Outstanding

4.3M

Market Cap

\$128.3M

FINANCIAL HIGHLIGHTS (TTM Q3'21)

Adj Gross Revenues

\$ 900M

Adj EBITDA

\$14.8M

\$43.7M

GROSS PROFIT

0.4x

EV/SALES (TTM)

\$8.3M

NET INCOME

6.7x

EV/AEBITDA (TTM)

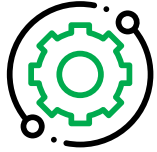
Cash & Equivalents

\$29.9M

Total Debt

\$ 0.0

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



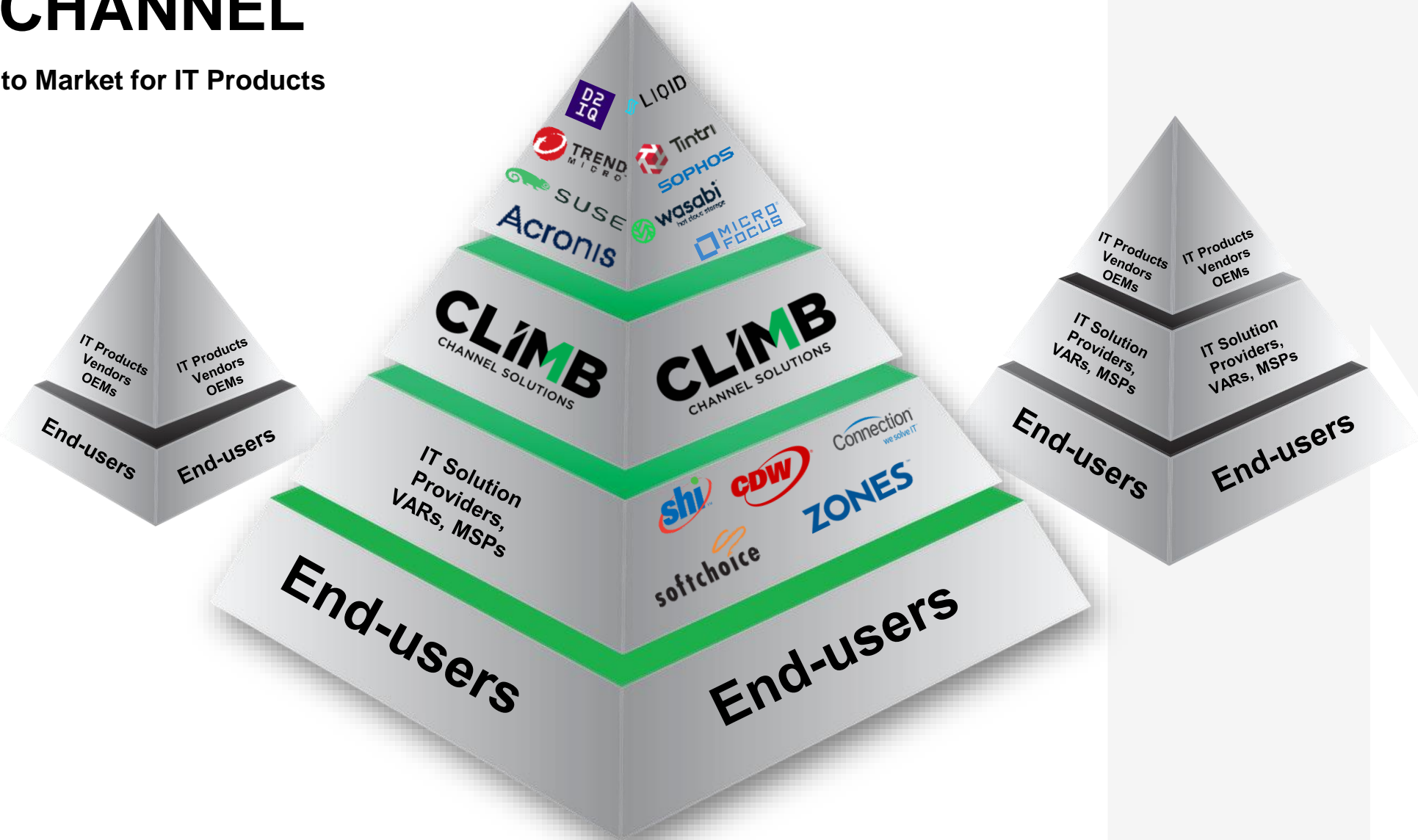
New management team with decades of IT distribution experience refocused Wayside from 'order taker' to 'proactive sales' culture, leading the company to renewed growth



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

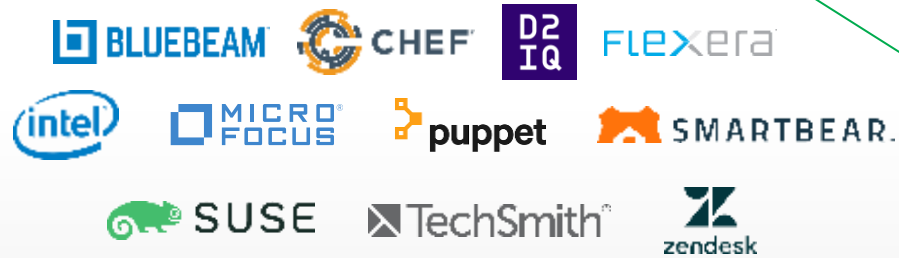
So many options for technology products

New entrants come to market every day

“What technology makes the most sense for us?”

What We Sell¹

SOFTWARE AND APPLICATION LIFECYCLE



SECURITY



CONNECTIVITY



STORAGE AND HCI



VIRTUALIZATION AND CLOUD



DATA MANAGEMENT



1) As of October 1, 2021

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



New management team introduced 2018, new CFO joined in June 2021



Refocused corporate culture to sales focus throughout 2019



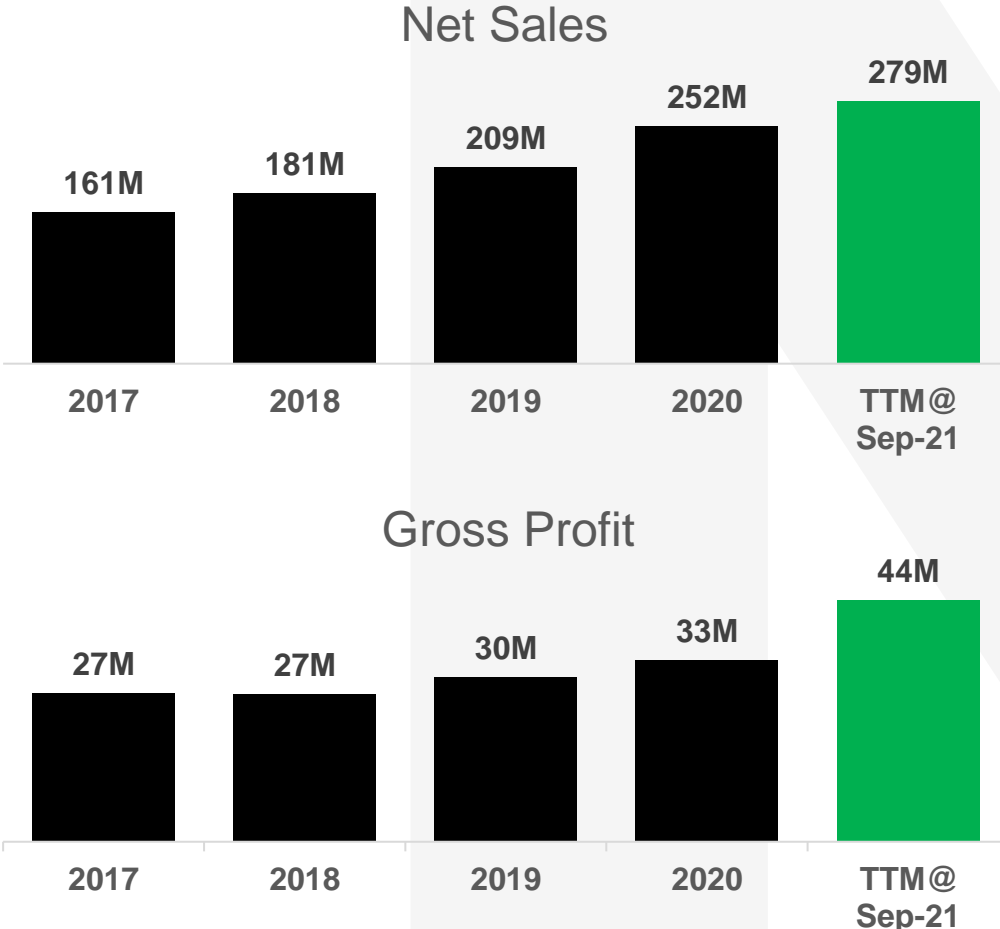
Implemented new vendor recruitment plan during 2019



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



In 2020, completed the first two accretive acquisitions since 1995



VENDOR RECRUITMENT HIGHLIGHTS¹



514 prospective vendors evaluated since Q1 2018, producing 71 net new contractual relationships



Climb's top 40 brands produce over 91% of Sales and 87% of gross profit.



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

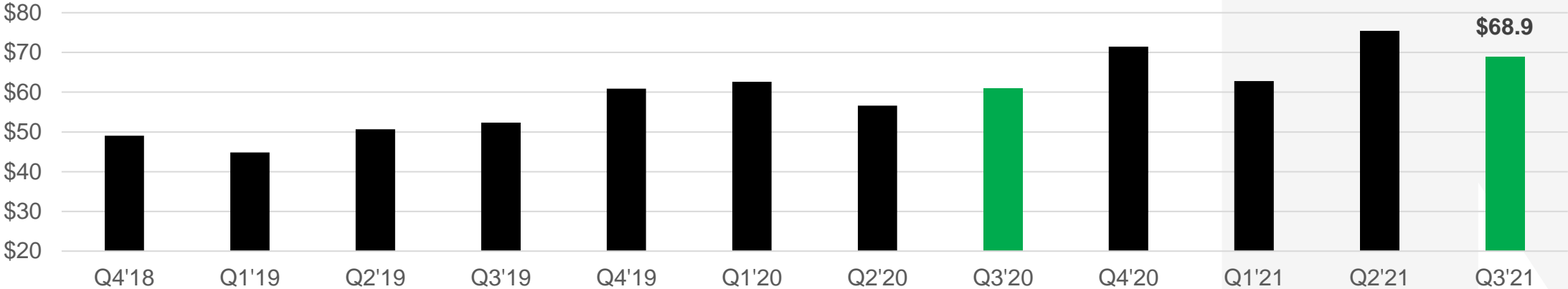


Continuous Evaluation and Focus. Climb's line card of vendors has been pared down to 90 brands from 265 in Q1 2018

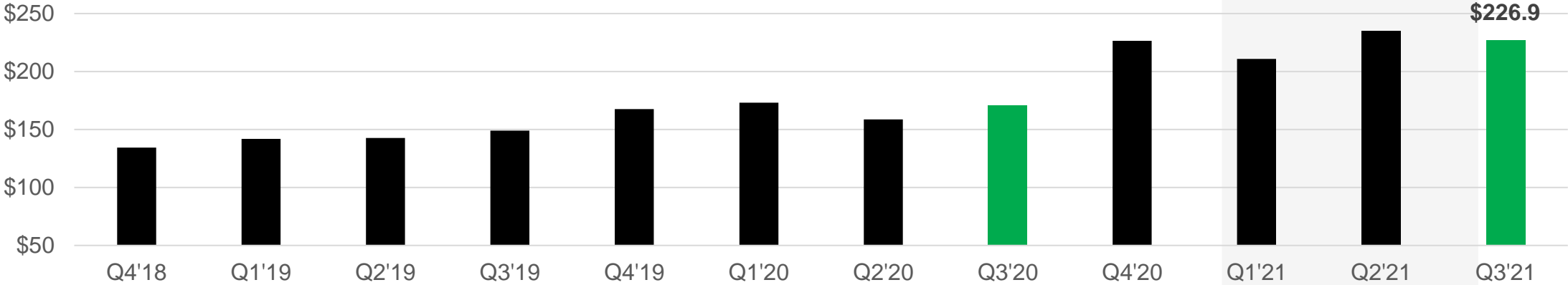
1) As of August 1, 2021

RENEWED QUARTERLY SALES GROWTH *(in Millions)*

Net Sales



Adjusted Gross Billings¹



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

NEW EXECUTIVE TEAM

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

2020 ACQUISITIONS



Toronto-based value-added specialty distributor of cybersecurity, information management and network solutions

- Acquired in April 2020 for \$3.6 million with existing cash
- Integration of sales teams completed in October 2020
- Increases Wayside's annual gross billings by ~10% prior to revenue synergies
- Transaction expected to be accretive to net income and adjusted EBITDA



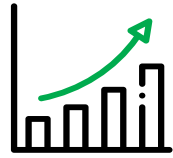
UK-based cloud, software and IT distributor and services provider

- Acquired in November 2020 for \$17.4 million with existing cash
- Robust cloud service platform that will strategically enhance Wayside's cloud position
- \$8.9 million in gross profit and \$2.0 million in adjusted EBITDA in their FY 2020
- Increases Wayside's annual gross billings by ~10% prior to revenue synergies
- Provides significant expansion of Wayside's presence in EMEA market



Financial Review

Q3 2021 HIGHLIGHTS



56% increase in gross profit over Q3 2020, reflecting strong organic growth and positive impacts from our acquisitions



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



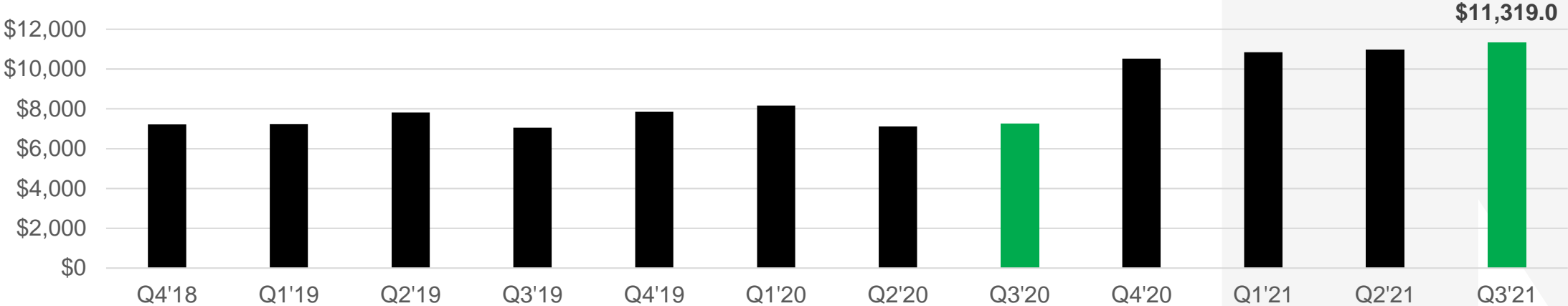
Continuing to leverage our strong foundation to seek **accretive acquisitions in the IT distribution and solutions marketplace**



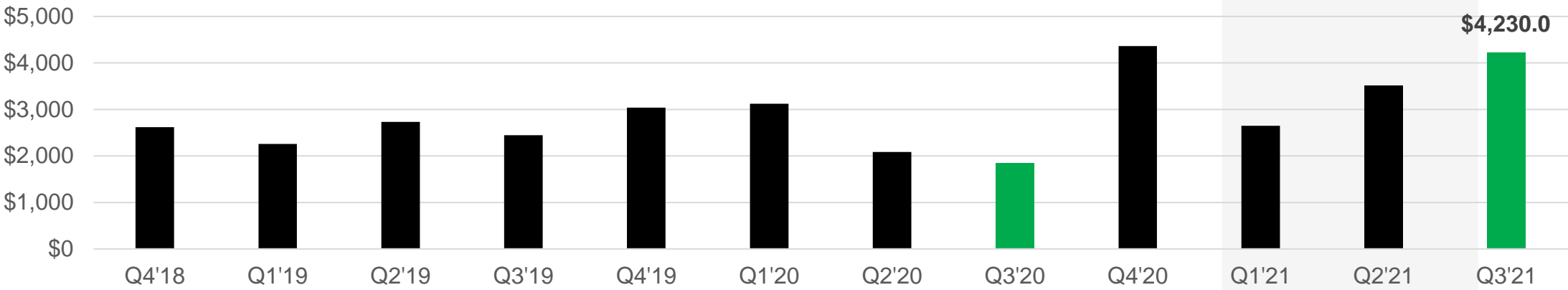
Strong balance sheet with cash and cash equivalents of **\$29.9 million** at Sept 30, 2021

CONSISTENT PROFITABILITY *(in Millions)*

Gross Profit



Adjusted EBITDA¹



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 Q3 2021
- 15+ consecutive year history

SUMMARY & HIGHLIGHTS



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



New 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 leader** in emerging IT distribution through organic and acquisition growth



6,000+

Transacting Customers



100+

Vendor Relationships



56%

Gross Profit Growth
(Q3 2021)



\$30M

Cash and Cash
Equivalents with No Debt
(9/30/21)

CONTACT

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Chief Financial Officer

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drew@waysidetechnology.com

Appendix



MANAGEMENT TEAM & BOARD OF DIRECTORS

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

<p>Jeffrey Geygan Chairman of the Board</p>	<ul style="list-style-type: none"> Significant experience in the financial services industry providing investment research and advisory services President and CEO of GVIC and former senior portfolio manager at UBS Financial Services
<p>Gerri Gold Independent Director</p>	<ul style="list-style-type: none"> Nearly three decades of executive experience in information technology and equipment financing Current SVP and COO of HPE Financial Services, the IT asset management division of Hewlett Packard Enterprise (NYSE: HPE)
<p>Andrew Bryant Independent Director</p>	<ul style="list-style-type: none"> Extensive executive level experience in the technology distribution industry Former COO of Arrow Electronics (NYSE: ARW) division, previously held executive-level roles with Avnet (Nasdaq: AVT)
<p>John McCarthy Independent Director</p>	<ul style="list-style-type: none"> Substantial leadership experience in the technology industry driving innovation and managing growth CEO of Mainline Information Systems and previously held executive positions with EMC, StorageApps, CNT, MCDData and Virtual Iron
<p>Ross Crane Independent Director</p>	<ul style="list-style-type: none"> Extensive senior executive experience in technology distribution, manufacturing and consumer electronic products Former CFO for Nexeo Solutions and Belkin Intl; senior level finance roles with Ingram Micro

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	TTM Q3'21
Net Income	\$ 5,062	\$ 3,538	\$ 6,787	\$ 4,474	\$ 8,278
Taxes	3,491	1,579	2,261	1,746	3,020
Depreciation and Amortization	477	482	487	704	1,478
Interest Expense	67	37	58	116	109
EBITDA	\$ 9,097	\$ 5,636	\$ 9,593	\$ 7,040	\$ 12,885
Stock Comp	1,512	1,108	759	1,278	1,494
Legal and financial advisory expenses – unsolicited bid and related matters	-	-	120	1,586	(165)
Acquisition-related costs	-	-	-	1,518	536
Separation expenses	-	2,446	-	-	-
Adjusted EBITDA	\$ 10,609	\$ 9,190	\$ 10,472	\$ 11,422	\$ 14,750

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											
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
(\$ thousands):												
Net sales	49,055	44,858	50,676	52,363	60,862	62,618	56,586	60,919	71,445	62,813	75,350	68,911
Costs of sales related to sales where the Company is an agent	85,280	97,008	91,918	96,695	106,642	110,481	102,152	110,099	154,937	148,048	159,770	158,025
Adjusted gross billings (Non-GAAP)	134,335	141,866	142,594	149,058	167,504	173,099	158,738	171,018	226,382	210,861	235,120	226,936