

# Investor Presentation

May 2024



**ReposiTrak**

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# Forward-Looking Statement

**ReposiTrak | NYSE:TRAK**

*Statements in this presentation that relate to ReposiTrak's future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results to differ materially from those expressed or implied in these statements. Those factors could include changes in economic conditions that may change demand for the Company's products and services and other factors discussed in the "forward-looking information" section and the "risk factor" section of the management's discussion and analysis included in the Company's report on Form 10-K and 10-Q or current reports on Form 8-K filed with the Securities and Exchange Commission. This presentation is comprised of interrelated information that must be interpreted in the context of all of the information provided and care should be exercised not to consider portions of this presentation out of context. ReposiTrak uses paid services of investor relations organizations to promote the Company to the investment community. Investments in any company should be considered speculative and prior to acquisition, should be thoroughly researched. ReposiTrak does not intend to update these forward-looking statements prior to announcement of quarterly or annual results.*



# Investment Highlights

ReposiTrak, the **world's largest** food traceability and regulatory compliance network, built upon its proven inventory management and out-of-stock reduction SaaS platform.

- 35 consecutive quarters of **GAAP profitability** (since quarter ended 12/31/15)
- Highly visible recurring revenue model with **exceedingly low churn**
- Highly leverageable cost structure with **industry-leading productivity, rapidly growing earnings power, strong PEG growth and free cash generation**
- **Strong balance sheet** with ~\$24.5m in cash and a current ration of 6:1 at March 31, 2024, creating peace of mind for customers
- **Superior technology platform** with >340k connections with tens of 000's distinct customers
- Recognized leader in the largest industry in the world, with a **\$2b+ total addressable market**
- Exclusively endorsed by major industry trade associations

# Retail Grocery: the world's largest industry, plagued by low margins, intense competition and a complex, risky, and now a highly regulated supply chain



ReposiTrak's platform addresses many of the most vexing issues facing retail food industry. We enable traceability to comply with the recently announced FDA traceability requirements, help ensure regulatory & business compliance, improve forecasting & ordering, reduce out-of-stocks and manage financial transactions for scan-based trading communities.

# ReposiTrak is Endorsed by the Industry

In addition to marquis names as customers, ReposiTrak has garnered a series of exclusive industry endorsements indicating not just that our technologies are effective, but that our business models and customer focus are industry-friendly.

No other company has every achieved a comparable level of industry endorsement.



Food safety is of **paramount importance** to independent grocers and their supplier partners. NGA's partnership with ReposiTrak **enhances value for our members** by sharing best practices in an area that's crucial to **safeguarding the hard-earned trust** that retailers and manufacturers have with consumers.



We see the ReposiTrak system becoming an **industry standard** for the retail supply chain, helping all trading partners **meet the new federal food safety requirements**, reducing unsalable products and keeping the end consumer healthy.



At QCS, our goal is to bring **best-in-class solutions** to our members to **help them be more successful**. ReposiTrak solutions help **our members save time and money, reduce risk and grow their business**; and the **service is outstanding**. It's a great partnership.



# Industry Problems our Two Primary Solutions Solve

- ReposiTrak: two groups of services from a single, fully-integrated platform.
- **Customer's** perspective: allows expanded functionality, purchased from ReposiTrak, in a modular, inexpensive way.
- **Company's** perspective: single platform reduces development cost, increases reliability, and significantly reduces time to develop additional sellable modules.
- Scale of the platform and its network of users is inherently attractive to new customers. The network currently contains 10s of 1,000s of food supply chain participants who can interact, exchange information and improve trading relationships.
- This is the largest platform of its kind.



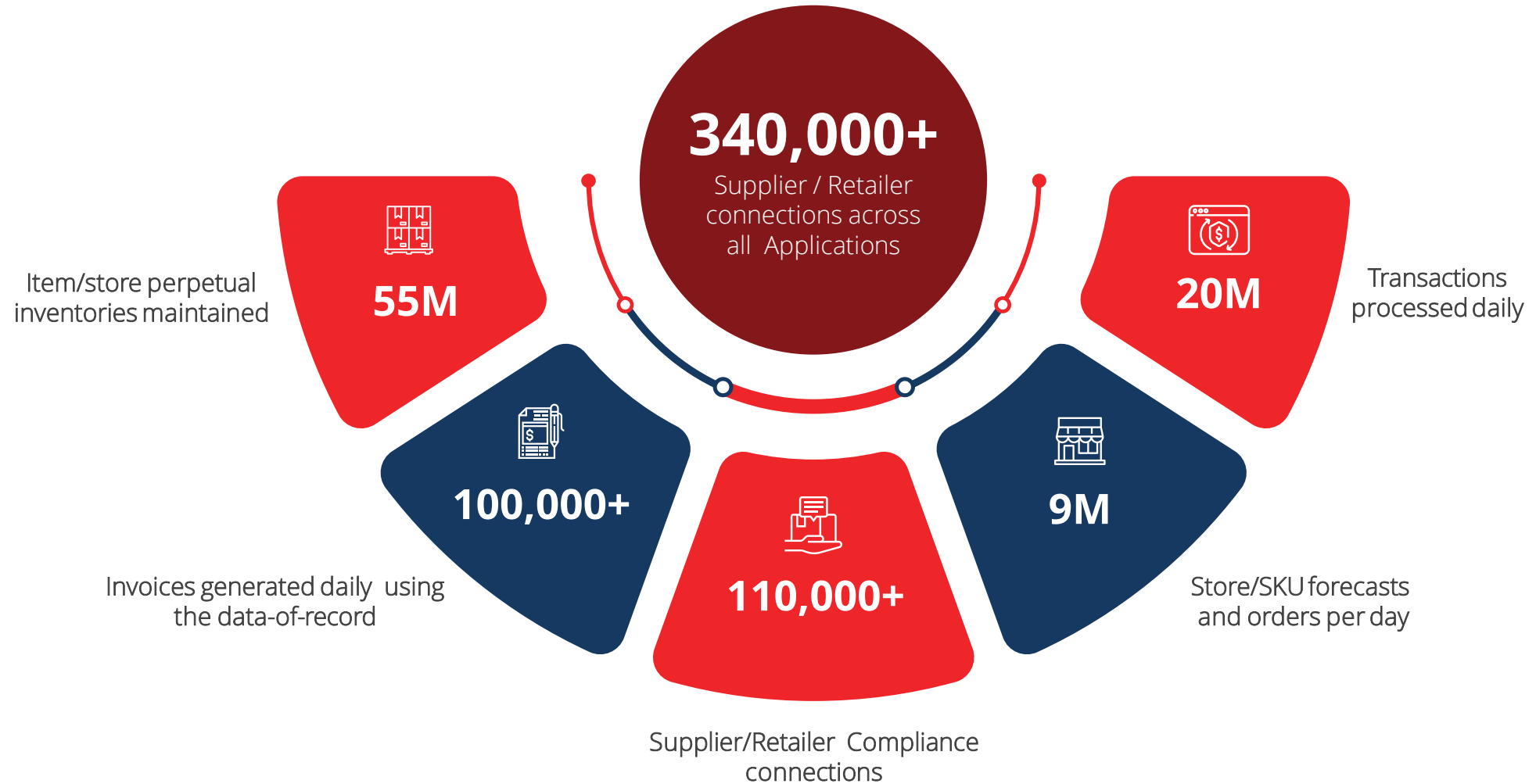
Supply Chain  
Optimization



Compliance Management  
& Traceability

**ReposiTrak is a single, fully-integrated SAAS platform with extensive capabilities that gives our customers an easy, cost-efficient way to expand our services to their benefit.**

# Our SAAS Platform is Scaled & Proven



# In our Compliance Management & Traceability Solutions, we Address the Top 2 Types of Risk Problems that Retailers Face

**We reduce the risk Retailers have from errant suppliers by confirming safe practices and liability insurance levels of their suppliers.**

- Due to the Food Safety Modernization Act (FSMA) enacted in 2011, retailers need to ensure through documentation that they are compliant with FDA regulatory requirements and legally with their business requirements.
- A typical retailer has hundreds of suppliers and they typically have to gather 20-30+ documents for each supplier and manage expiration dates.
- The paper chase to confirm compliance is perpetual and enormous. The risk they incur is high if a document unknowingly expires.

**We help Retailers and their suppliers conform to the new traceability rules (FSMA Rule 204) at low cost and with industry endorsement.**

- One section of FSMA (204d) related to traceability was not enacted into law until November 2022. This rule requires every supply chain participant who sells certain products (a list of high-risk products defined by the FDA) to gather more data than before, retain it, and provide portions of it to the next receiver of the product.
- Nobody in the retail food supply chain is ready or able to do this with their existing systems. **We are doing it today.**
- This will cover all food establishments including retailers, restaurants and c-stores involving more than 1 million businesses.



# We Address the Top 3 Supply Chain Problems

Work with all distribution methods, but focus on Direct Store Delivery (DSD) processes where suppliers deliver directly to retail. DSD creates the **biggest blind spot** for retailers costing 1,000s of dollars and wasting hours of time on manual processes.

## We Reduce Retailer's Out-of-Stocks, thereby Increasing their Sales

- Consumers continue to demand variety. They also demand more of the products they buy be sustainably or ethically sourced.
- Ensuring these products have the right amount of shelf space is a constant struggle especially with DSD products that are delivered direct to store, bypassing the retailer's warehouse inventory systems.
- Retailers have little to no idea what's actually being stocked for sale and don't know when shelf stock is nearing zero.

## We Help Retailers Maintain Accurate Inventories for both Online and Physical Retailing

- Retailers who sell online as well as instore have an extra challenge tracking the perpetual inventory for their DSD vendors' products.
- They're virtually unable to tell consumers if the product they want is available.
- Many retailers will err on the side of caution and remove the product from availability, which ensures a lost sale rather than a substitution or an irate consumer.

## We Reduce the Inventories that Retailers Carry and Increase their Working Capital

- 30% of a typical retailer come from products delivered directly to the store (DSD).
- We have a technology that enables those inventories to be carried on a consignment basis, thereby shifting the inventory burden back to the supplier.

In Summary



# Our Competitive Advantages

- Largest network of industry suppliers
- Focused on productivity & profitability internally
- Fortress balance sheet
- Long-term GAAP profitable
- Highly positive cash flow
- Excess cash used for potential M&A, stock buybacks and cash dividends
- Industry-centric board of directors
- Exclusively endorsed in the industry



**Our single, fully-integrated SAAS platform is also used 'internally' to manage quality & productivity**

# Industry-centric Board of Directors



**Randy Fields**  
Chairman & CEO

Co-founder Mrs. Fields Cookies, Co-founder Captiva Software



**John Merrill**  
CFO

Former CFO 360 Touch Advertising.  
Former CFO Track Group, Inc.  
(OTCQX: TRCK). Former CFO Park City  
Group 2006-2010.



**Ed Clissold**  
General Counsel

Previously served as General Counsel  
for Mrs. Fields' Cookies and was also  
in private practice



**Peter Larkin**  
Director

Principal of Larkin Public Affairs a  
leader in the food service industry for  
more than 40 years and former CEO  
of the National Grocers Association



**Ronald Hodge**  
Director

Former CEO of Delhaize America and  
former CEO of Hannaford Bros. Co.

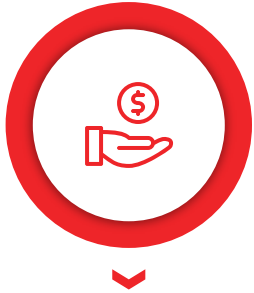


**Robert Allen**  
Director

Former CEO of Southern Belle Dairy  
and EVP of Borden, Inc.

# Summing Up Our Business Model

Our strategy results in recurring revenue, rising operating margins and cash.



## Recurring Revenue

5-year CAGR of 10%

- 99.9% recurring subscription revenue (as of 3/31/24) model with long-term contracts
- Growth drivers:
  - Expanding scale of our network of relationships
  - Increasing scope of customer engagement
- Low customer churn; 95%+ retention rate
- Targeting 10-20% recurring revenue growth



## Expense Control and Productivity

Q3 FY 2024 Operating Margin: 25%

- Largely fixed cost business across all applications
- Mandated use model translates to low customer acquisition costs
- Annual cash costs under \$12 million
- Modest investments required for growth
- Internally built tools replace expensive third-party solutions
- Revenue per employee roughly double industry average



## Net Income, EPS and Cash Flow

Positive Free Cash Flow<sup>1</sup>

- FY23 full-year net margin of 29%
- FQ3 EPS of \$0.08 vs. \$0.08
- Share repurchase causing EPS to grow faster than Net Income to Common
- Company redeeming preferred shares over the next three years
- \$8.9m FY23 (full-year) cash provided by operations (\$4.9m in first nine months of FY24)



# Fortress Balance Sheet | Self-Funding Business Model

Strong operating cash flow is driving a growing cash balance and supports self-funding of capital expenditures and returns to shareholders

## Summary Balance Sheet and Cash Flow

	As of	
	3/31/2024	6/30/2023
Cash	\$24,453,000	\$23,991,000
Line of Credit	\$0	\$0
Preferred Stock (Series B and Series B-1)	\$7,463,000	\$8,378,000
Cash Provided by Operations (TTM)	\$6,705,000	\$8,860,000





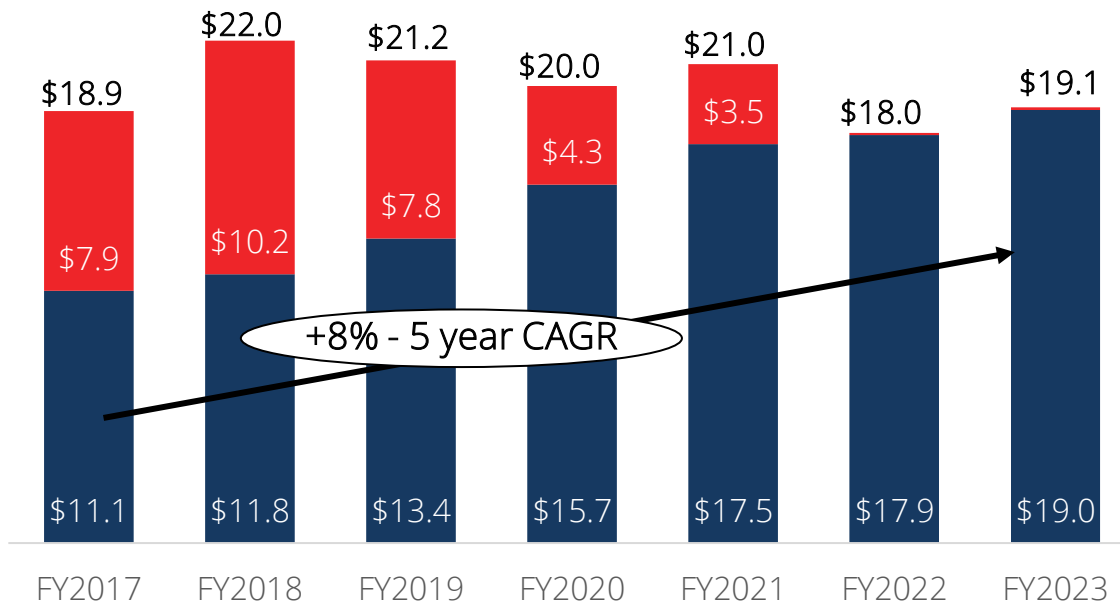
# Financial Summary

For the fiscal years ended June 30

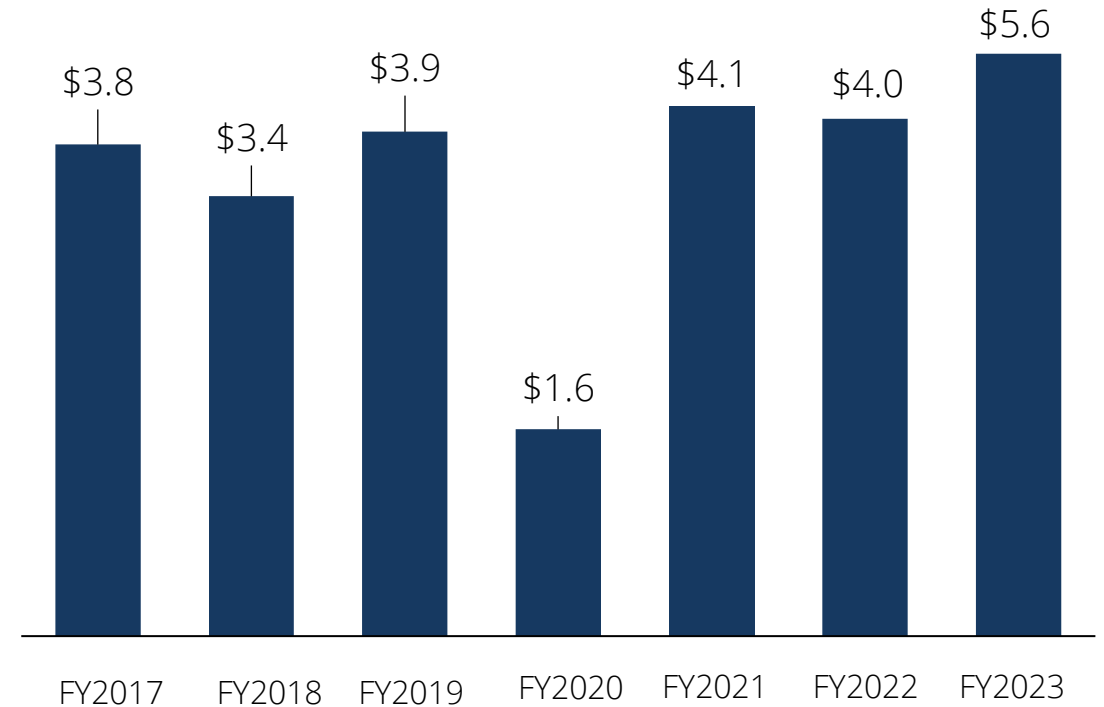
Recurring revenue growth and operating leverage drive increasing profitability

## Revenue USD in millions

■ Recurring ■ One-Time



## GAAP Net Income USD in millions



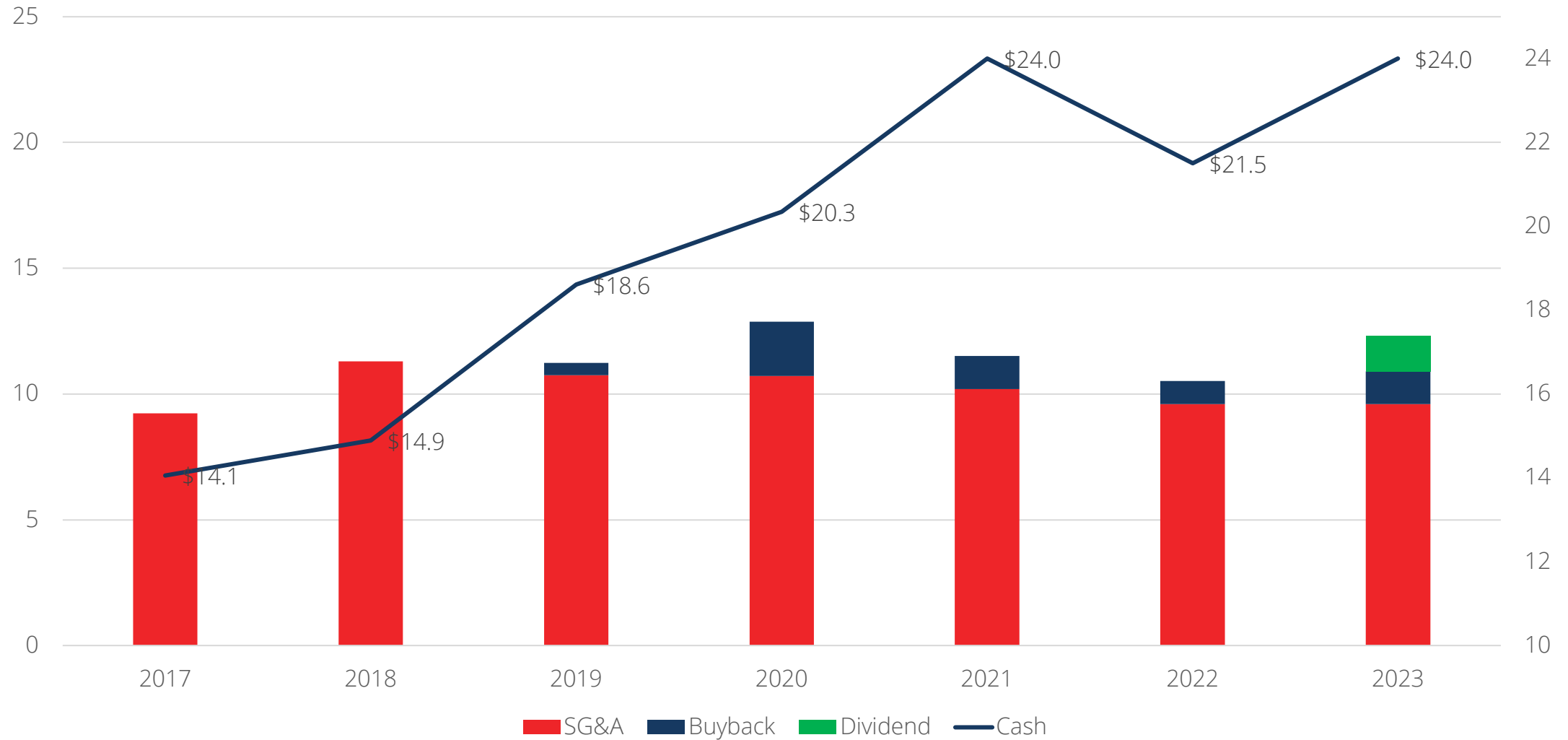
# Quarterly Comparison

Three Months Ended	March 31, 2024	March 31, 2023	% Change
Net revenue	\$5.1M	\$4.8M	5%
Recurring revenue	\$5.1M	\$4.7M	6%
Total Operating Expenses*	\$3.8M	\$3.3M	15%
Operating Income	\$1.3M	\$1.5M	(17)%
GAAP Net Income	\$1.6M	\$1.7M	(6)%
Net Income to Common Shareholders	\$1.4M	\$1.5M	(7)%
EPS	\$0.08	\$0.08	--

\* Fiscal third quarter of 2023 included \$1M in ERC credits, lowering operating expenses

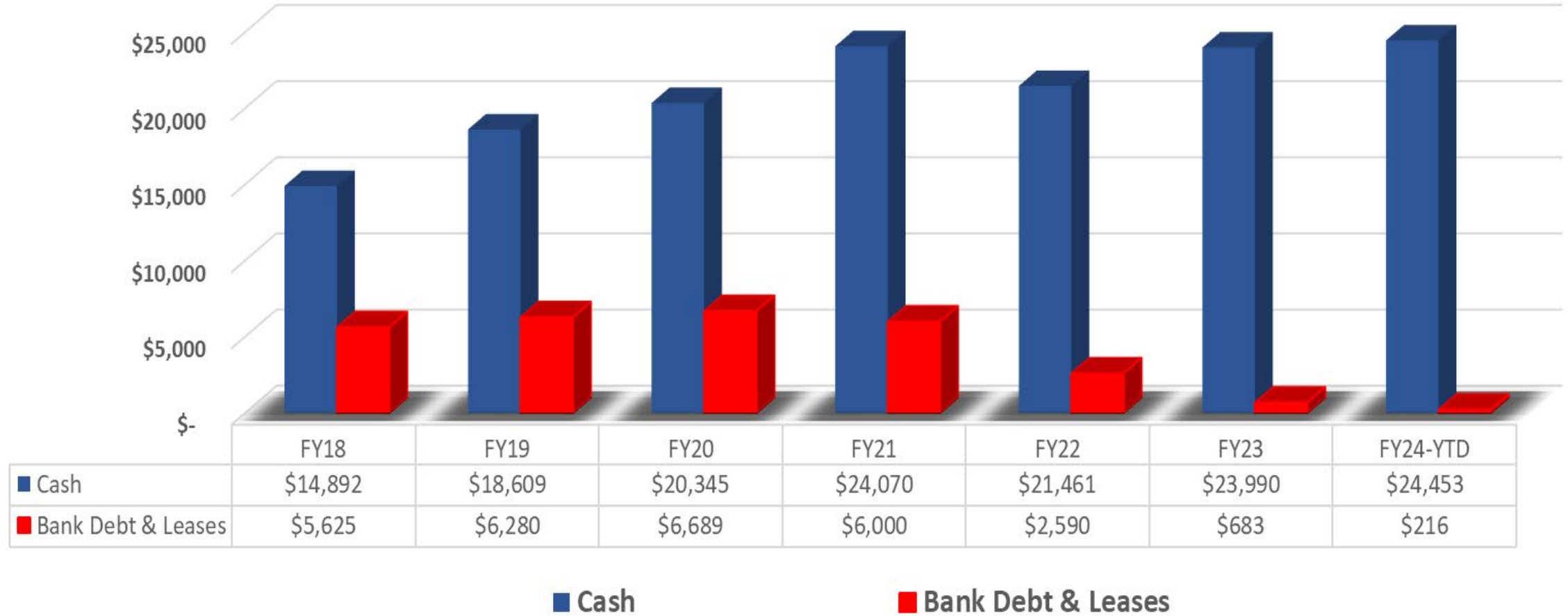
# Cash Flow Supports Buyback

SG&A reductions, operating leverage drive increasing cash balances and fund share repurchases



# Net Cash By Period 5 Year CAGR 23%

Total Cash vs Debt - March 31, 2024 (In 000's USD)





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# NYSE: TRAK

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## INVESTMENT DATA

(NYSE: TRAK)

Headquarters: Murray, UT

Recent Stock Price: (05/20/24):	\$17.00
52-week range:	\$6.89 - \$17.96
Diluted Shares Outstanding:	18.8M
Market Capitalization:	\$312.7M
Insider Ownership:	~41%

*For more information:*

Investor Relations

435-645-2216

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# Thank You



# Appendix

# Traceability: Tracking ALL Foods



## Problem

A wholesale grocer's desire to align with FSMA 204 regulations and provide the safest, most effective way to trace foods containing any of the FDA's Food Traceability List foods, decided they needed to track ALL inbound food to their warehouse.



## How ReposiTrak Solved It

Joining the *ReposiTrak Traceability Network*® this wholesaler required all of their food suppliers to provide key data elements (KDEs) at the delivery critical tracking event (CTE). ReposiTrak's unique self-onboarding process made it seamless and swift for suppliers to comply. ReposiTrak captures the inbound delivery information to store, combine with existing warehouse data, create new required KDE Record and forward to customers.



## Results

- **Fast onboarding of all food suppliers**
- **Automated capture of delivery KDEs** from the supplier
- **No label scanning** required to capture the inbound batch/lot codes at warehouse receiving
- **New receiving record created by ReposiTrak** without capital investment

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We work with ReposiTrak to manage compliance risk. We liked their approach to capturing batch/lot codes inbound from all of our food suppliers because it prevented us from having to invest in new hardware & software at the DC to enable scanning at each step saving us tons of time and money.

- Compliance Manager



Success Stories | ReposiTrak | Traceability



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We needed a way to better comply with the new requirements as well as ensure compliance with the wide variety of suppliers in our growing network. We saw immense value in ReposiTrak, which combined with their easy-to-use, industry leading solution, made them the clear choice for our own compliance management needs.

- Compliance Manager

# Compliance Management



## Problem

A grocery store chain was unhappy with their low supplier compliance, the amount of time they were spending calling and emailing their suppliers to collect necessary documentation and overall low confidence in audit preparedness. They needed to adopt compliance management technology to ensure supplier compliance and to reduce their overall risk.



## How ReposiTrak Solved It

The customer used **ReposiTrak Compliance Management** to drastically increase their supplier compliance while also being better prepared for upcoming audits. The ReposiTrak customer success team made phone calls in addition to sending emails, following up to increase the compliance of their suppliers



## Results

- **92% compliance achieved** in less than 5 months reducing the 3 types of risk
- **90% reduction** in effort to reach compliance
- Confidently prepared for upcoming audits
- Replaced numerous suppliers using ReposiTrak MarketPlace





# Out-of-Stock Management

## Problem

Out-of-stocks are still a problem for retailers. **A consumer will go to another store 55%** of the time if the product they want is not on the shelf, **only 11% will change brands**. So, it's not just a lost sale, it's a lost customer. Amazon itself reported that **over 24%** of its North American sales came from consumers who indicated they had first tried to buy the product in a brick/mortar store.

## How ReposiTrak Solved It

ReposiTrak began an Out-of-stock Management program with retailers and their vendors. Using internally developed algorithms, building a SKU, store, day of week model and base conclusions on expected day sales. The model auto adjusts as the sales improve. We report findings to the vendors by route, by store, by item and develop a plan of action with the vendor. We also report progress regularly (good or bad) back to each retailer.

## Results

OOS have improved across all retail communities using the system

- ✓ **87%** of vendors at Retailer A improved 64%
- ✓ **74%** of vendors at Retailer B improved 47%
- ✓ **67%** of vendors at Retailer C improved 69%



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ReposiTrak does all the work with our vendors to ensure we're in stock and we all reap the benefits of the sales increases because the product is there when the consumer wants it.

- Large, Regional Retailer



“

We needed to expand the diversity of our suppliers to meet our goals.

We searched the ReposiTrak MarketPlace and found exactly what we needed—a coffee roaster that was minority owned and provided proof that they were compliant with food safety regulations as well as were certified organic growers.

- *Compliance Manager*

# Finding Compliant Suppliers

## Problem

Looking for suppliers to meet a specific need can be a challenge. This grocer wanted to expand their diversity suppliers starting with the coffee bean suppliers. They needed to find minority-owned businesses that had high food safety compliance and were certified as organically grown.

## How ReposiTrak Solved It

*ReposiTrak MarketPlace* captures hundreds of key attributes associated with a supplier and their products and enables potential customers to search for them in the system, then communicate with them and swiftly begin a trading relationship.

## Results

- **Specific vendor requirements met** by searching online for key attributes to meet compliance and business requirements
- **Fast onboarding** to the customer through a vendor vetting program to ensure compliance and speed new vendor activation

