PARK CITY GROUP

Sell More - Stock Less - See Everything

Investor Presentation

May 2023

ReposiTrak

repositrak.com

Forward-Looking Statement

Park City Group | NASDAQ:PCYG

Investment Highlights

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

- 32 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 $23m in cash and a current ration of ~6:1 at March 31, 2023, 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 (NGA, FMI, GMDC, ROFDA and SQF)

ReposiTrak

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

Park City Group's ReposiTrak platform addresses many of the most vexing issues facing retail food industry. We help ensure regulatory & business compliance, improve forecasting & ordering, reduce out-of-stocks and now we support and enable traceability to comply with the recently announced FDA traceability requirements.

ReposiTrak

Some of our Marquee Brands

Across the Supply Chain

ReposiTrak is Even 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.

ReposiTrak augments our food and drug safety efforts...with a **proven, comprehensive and easy- to-implement solution** that **doesn't require systems changes** and is extremely cost effective.

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.

We were looking for a technology partner to help us **raise the bar** not only with our data management and reporting, but also with upgrades to all our user interfaces. It made perfect sense to partner with ReposiTrak because of their **experience in the industry** and technical capabilities.

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.

ReposiTrak

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 it's 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.

ReposiTrak

Our SAAS Platform is Scaled & Proven

340,000+
Supplier / Retailer connections across all Applications

Item/store perpetual inventories maintained

Millions

20M
Transactions processed daily

100,000+

Invoices generated daily using the data-of-record

90,000+

9M

Store/SKU forecasts and orders per day

Supplier/Retailer Compliance connections

ReposiTrak
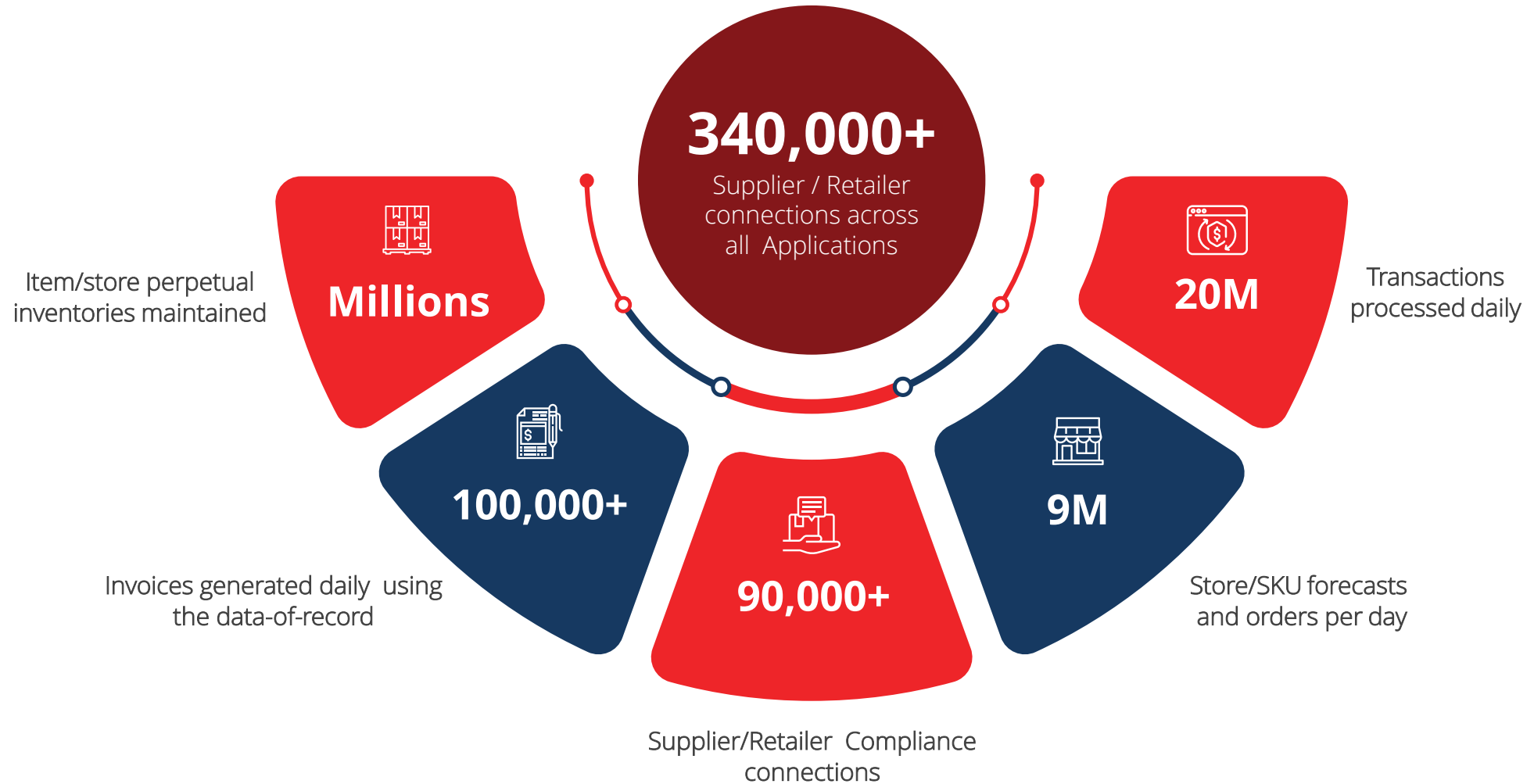
We Address the Top 3 Supply Chain Problems

Work with <u>all</u> distribution methods, but focus on Direct Store Delivery (DSD) processes where suppliers deliver directly to retail. DSD creates the <u>biggest blind spot</u> 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.

ReposiTrak

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.
- This will cover all food establishments including retailers, restaurants and c-stores involving more than 1 million businesses.

ReposiTrak

In Summary

Our Competitive Advantages

- <u>Exclusively endorsed</u> in the industry
- **Industry-centric board** of directors
- **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

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 8%

- 99.7% recurring subscription revenue (as of 3/31/23) model with long-term contracts
- Growth drivers:
  - Expanding scale of our network of relationships
  - Increasing scope of customer engagement
- Low customer churn with 95%+ retention rate
- **Targeting 10-20% recurring revenue growth**

Expense Control and Productivity

Q3 FY 2023 Operating Margin 31%

- 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[1]

- FY23 (nine months) net margin of 35%
- FQ3 EPS of $0.08 vs. $0.05
- Share repurchase causing EPS to grow faster than Net Income to Common
- $7.1m FY23 (nine months) cash provided by operations

ReposiTrak   *[1] Positive FCF for past six fiscal years*

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

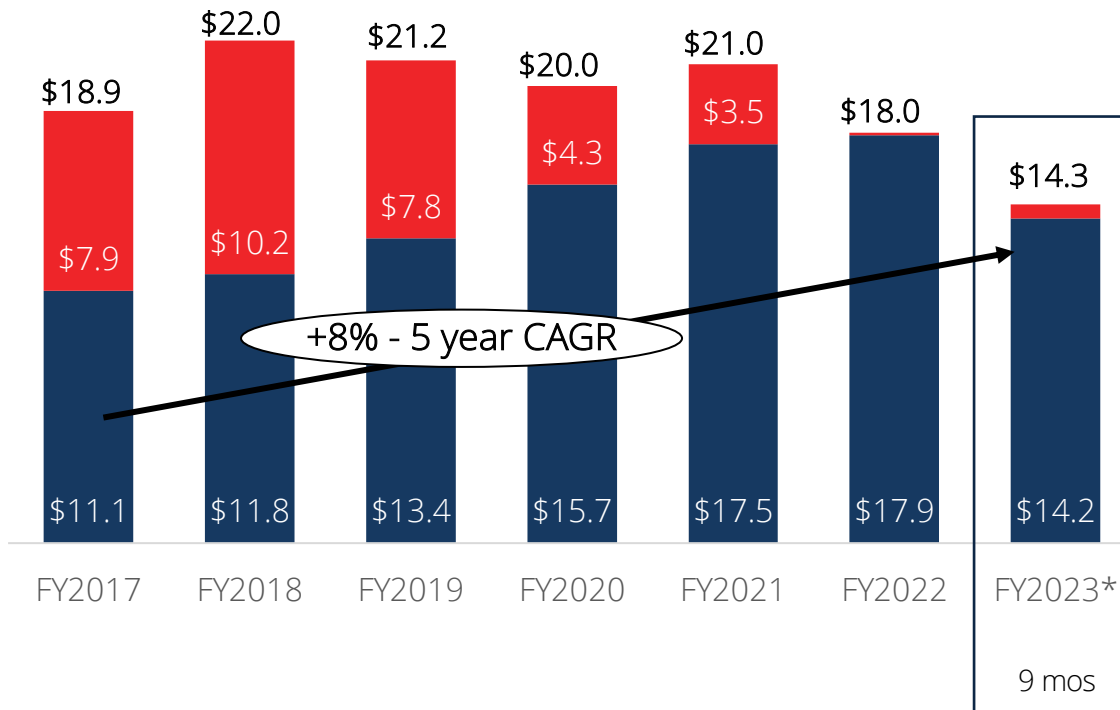|	As of	
	3/31/2023	6/30/2022
Cash	$22,941,493	$21,460,948
Line of Credit	$0	$2,590,907
Preferred Stock (Series B and Series B-1)	$8,377,770	$8,377,770
Cash Provided by Operations (TTM)	$7,065,890	

Financial Summary

For the fiscal years ended June 30

Recurring revenue growth and operating leverage drive increasing profitability

Revenue USD in millions	GAAP Net Income USD in millions

Revenue — USD in millions

■ Recurring ■ One-Time

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023* (9 mos)
Total	$18.9	$22.0	$21.2	$20.0	$21.0	$18.0	$14.3
One-Time	$7.9	$10.2	$7.8	$4.3	$3.5		
Recurring	$11.1	$11.8	$13.4	$15.7	$17.5	$17.9	$14.2

+8% - 5 year CAGR

GAAP Net Income — USD in millions

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023* (9 mos)
$3.8	$3.4	$3.9	$1.6	$4.1	$4.0	$4.2

ReposiTrak
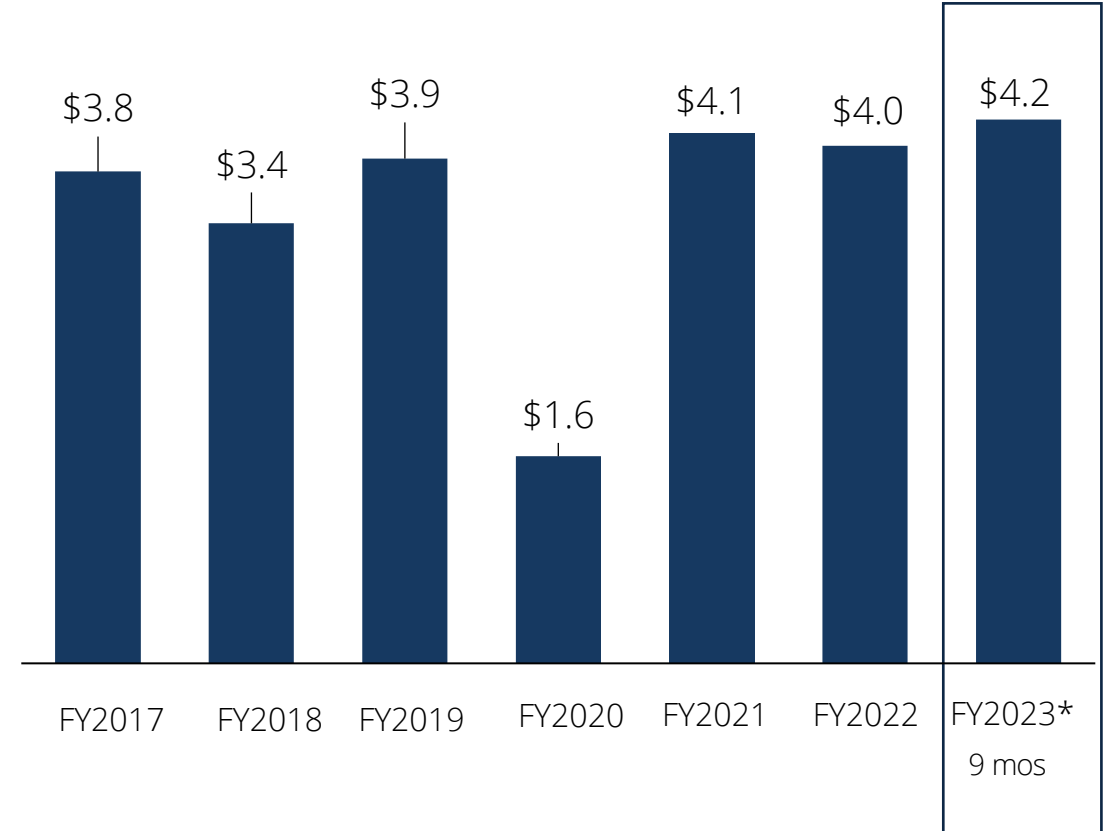
Quarterly Comparison

Three Months Ended	March 31, 2023	March 31, 2022	% Change
Net revenue	$4.8M	$4.6M	6%
Recurring revenue	$4.8M	$4.6M	6%
Total Operating Expenses	$3.3M	$3.4M	(2)%
Operating Income	$1.5M	$1.2M	29%
GAAP Net Income	$1.7M	$1.1M	53%
Net Income to Common Shareholders	$1.5M	$0.9M	61%
EPS	$0.08	$0.05	60%

ReposiTrak

Cash Flow Supports Buyback

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

$ in millions
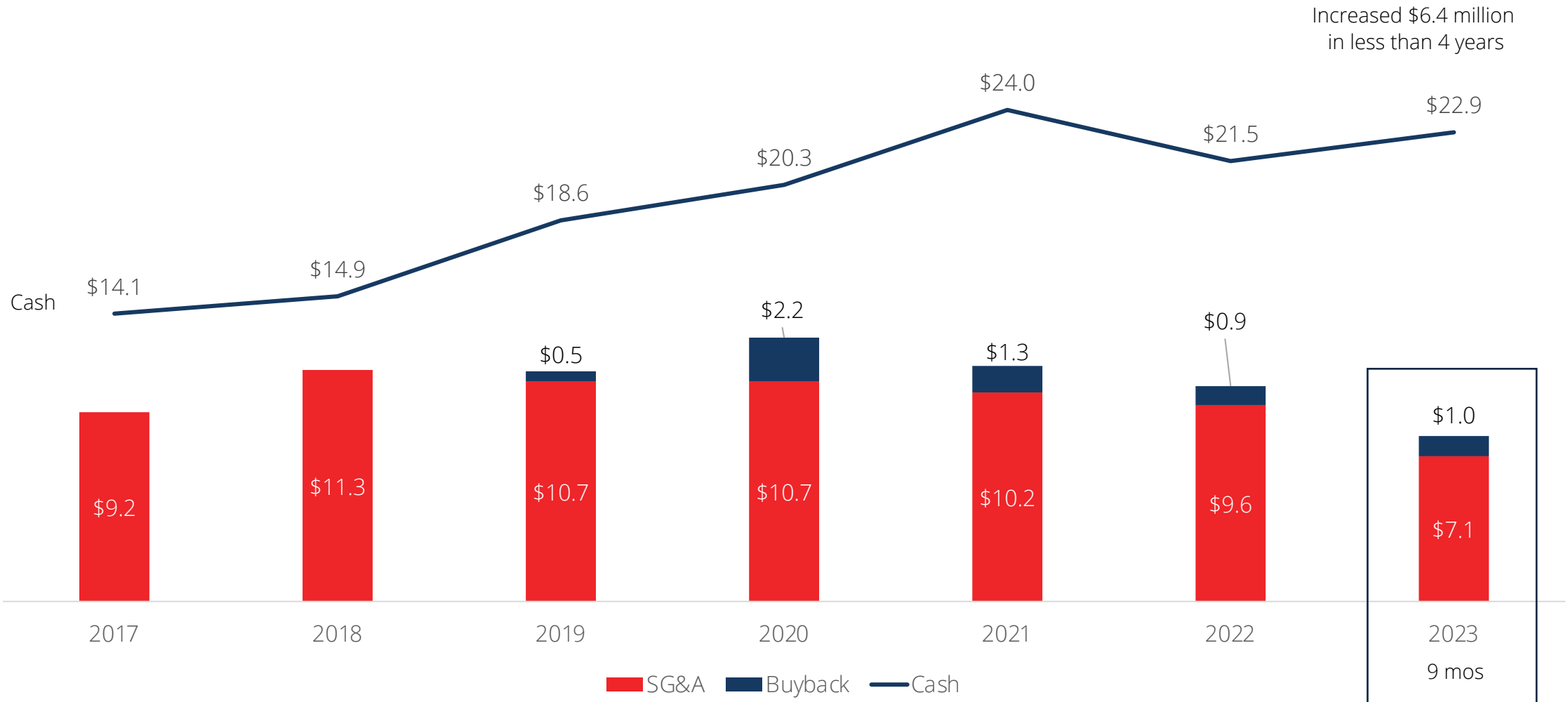
Increased $6.4 million in less than 4 years

$24.0

$22.9

$20.3

$21.5

$18.6

$14.9

Cash $14.1

$2.2

$0.5

$1.3

$0.9

$1.0

$9.2

$11.3

$10.7

$10.7

$10.2

$9.6

$7.1

2017   2018   2019   2020   2021   2022   2023 9 mos

SG&A   **Buyback**   **Cash**

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ReposiTrak

Nasdaq: PCYG

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For more information:

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Thank You

INVESTMENT DATA
(NASDAQ: PCYG)
Headquarters: Murray, UT

Recent Stock Price: (05/16/2023):   **$6.65**

52-week range: **$4.31 - $7.07**

Diluted Shares Outstanding: **18.35M**

Market Capitalization: **$123.8M**

Insider Ownership: **~41%**

ReposiTrak

Appendix

Out-of-Stock Management

> 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*

❓ 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%

ReposiTrak

Compliance Management

> "
> 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*

❓ 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

ReposiTrak

Traceability: In Production

> "
> We work with ReposiTrak to manage compliance risk. We liked their approach to capturing batch/lot codes inbound from our ingredient suppliers because it prevented us from having to invest in new hardware & software to enable scanning at each step saving us tons of time and money.
>
> *- Compliance Manager*

❓ Problem

A grocery store chain with a commissary needed to be able to track inbound ingredients and their lot codes, the products being created from them and track the newly created outbound product back to their warehouse and on to their store locations

🧩 How ReposiTrak Solved It

Joining the *ReposiTrak Traceability Network®* this retailer's commissary was able to connect the inbound ingredients' batch/lot codes to the outbound produced items and their new batch/lot codes as well as where the products were shipped.

📊 Results

- **No label scanning** required to capture the inbound ingredient batch/lot codes
- **New receiving record created** without new hardware or software

Success Stories | ReposiTrak | Traceability

ReposiTrak

Finding Compliant Suppliers

> "
> 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*

❓ 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. The 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

Success Stories | ReposiTrak | MarketPlace

ReposiTrak