The Future of Growth & Profitability
In Security is in the Cloud

August 2022
Disclaimer

Special Note on Forward-Looking Statements

This presentation contains forward-looking statements that are based on current expectations, estimates, forecasts and projections of future performance based on management’s judgment, beliefs, current trends, and anticipated product performance. These forward-looking statements include, without limitation, statements relating to growth drivers of the Company’s business such as school security products and recurring revenue services; potential market opportunities; the benefits of our recurring revenue products to customers and dealers; our ability to control expenses and costs; and expected annual run rate for SaaS recurring monthly revenue. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. These factors include, but are not limited to, such risk factors described in our SEC filings, including our Annual Report on Form 10-K. Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements. All information provided in this press release is as of today’s date, unless otherwise stated, and we undertake no duty to update such information, except as required under applicable law.

Use of Non-GAAP Financial Measures

We disclose certain non-GAAP financial measures in this presentation for our historical performance, including EBITDA, non-GAAP operating income and Adjusted EBITDA. We define EBITDA as GAAP net income (loss) plus income tax expense (benefit), net interest expense and depreciation and amortization expense. Non-GAAP operating income excludes impairment of goodwill, amortization of intangibles, restructuring charges, stock-based compensation expense and other infrequent or unusual charges. We believe that these historical non-GAAP financial measures provide useful information to both management and investors by excluding certain items and expenses that are not indicative of our core operating results or do not reflect our normal business operations. In addition, our management uses non-GAAP measures to compare our performance relative to forecasts and to benchmark our performance externally against competitors. The presentation of this information is not meant to be a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Our use of non-GAAP financial measures has certain limitations in that such non-GAAP financial measures may not be directly comparable to those reported by other companies. For example, the terms used in this presentation, such as Non-GAAP operating income and Adjusted EBITDA, do not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP measures in the tables attached hereto. Readers are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures.
NAPCO Security At a Glance
Reliably Delivering Advanced Technology and High Quality Security Solutions to Professional Installers

Leading designer and manufacturer of commercial and residential security products

Multiple Industry Inflection Points Driving Strong Long-Term Growth (Multi-Decade Alarm System Upgrade Cycle + School Security Upgrades)

Integrated suite of products and services across alarms, locking, and access control

Growing high margin, recurring services model driving embedded margin expansion

Differentiated low-cost manufacturing with long track record of innovation / R&D

Enabling the professional to deliver best-in-class security solutions

Revenue Breakdown

Commercial 80%
Residential 20%

Key Statistics (1)

$143.6MM
LTM Revenue

32%
Recurring Revenue % of Total

10.4%
Total Revenue CAGR (2017- LTM)

42%
Recurring Revenue CAGR (2017- LTM)

16%
LTM EBITDA Margin

87%
LTM Recurring Gross Margin

10,000+
Dealer, Integrator and Distributor Customers in U.S.

50+
Engineers / R&D employees

Notes:
1. Based on LTM FY22

Key Brands

NAPCO
MARKS USA
Continental Access
ALARM LOCK

Dealer, Integrator and Distributor Customers in U.S.

Engineers / R&D employees
NAPCO Investment Highlights

Security Market Leader with Multiple Secular Tailwinds Driving Growth

• Broad portfolio of security products professionals know and trust
• Large market with multiple long-term secular tail winds
• Growing recurring services adoption driving above market growth

Integrated Platform Serving the Professional Across All Security Verticals

• ~2,000 proprietary SKUs with integration across all key security verticals
• Open architecture allows easy integration with any systems
• Powerful professional-focused distribution channel

Differentiated Hardware-Enabled Recurring Services Business Model

• Significant growth of hardware-enabled recurring services
• High margin, stable revenue streams
• Market-leading technology driving large and growing installed base
• Targeting 50% recurring revenue as % of total

Innovation DNA

• Long track record of security innovation
• Relationship with distribution network drives feedback loop
• Substantial proprietary Intellectual Property

Highly Visible Growth and Attractive Profitability

• Multiple vectors to accelerate long term growth and increase wallet share
• Significant visibility from increasing mix of sticky recurring revenues
• Recurring services drive highly visible margin expansion
Multiple Inflection Points Driving Increased Investment in Security and Safety

Key NAPCO Growth Drivers

- Copper Phone Line Obsolescence
- School Safety
- Regulatory Mandated Fire Alarm Upgrades
- Building Retrofits
- IoT-Enhanced Systems
- Enhanced Security
- Increased Retail Theft
- Building Automation

Increased Retail Theft
Enhanced Security
IoT-Enhanced Systems
Building Retrofits
Regulatory Mandated Fire Alarm Upgrades
School Safety
Copper Phone Line Obsolescence

NAPCO
SECURITY TECHNOLOGIES, INC.
Aligned with Large and Growing Markets with Significant Whitespace
Multi-Billion Dollar Opportunity for Retrofits and New Installs Across Markets

**Commercial Security** (1)
North America Market Size
$Bn

- $63.5Bn in 2021A
- CAGR: 7.7%
- $121.4Bn in 2026E

**School Security** (2)
Market Size
$Bn

- $1.5Bn in 2020A
- CAGR: 11.3%
- $3.1Bn in 2027E

**Residential Security** (3)
U.S. Market Size
$Bn

- $5.0Bn in 2021A
- CAGR: 12.4%
- $9.0Bn in 2026E

Notes:
2. School and Campus Security Market – Maximize Market Research

- 5MM+ commercial buildings
- Multi-decade upgrade cycle underway for alarm systems - #1 driver of recurring services
- Security top of mind for new installs and building upgrades
- Fire alarm system convergence to cellular in early stages – cost savings, reliability, and carriers not supporting old copper telephone service

- 135k+ K-12 / colleges and universities and 350k houses of worship with limited overall penetration today
- Significant need to harden buildings against trespassing and active shooters
- School safety has become critical
- Large increase in government and school-specific funding for security across education landscape

- 140MM+ homes in the U.S. with limited penetration of professionally monitored security
- Increasing awareness and desire for smart home technologies with security being the primary driver
- Copper line upgrade cycle also influencing this market
- DIY solutions not integrated and create pain points for end consumers
NAPCO Security: The Only Integrated Platform Across Full Security Spectrum

Only Professional-Focused Integrated Platform Across all Security Verticals

ALARMS & CONNECTIVITY
- Intrusion, Cellular, and Fire Alarm Systems
- Connected Home and Small Business
- StarLink Communications

LOCKING
- Architectural Locking Solutions
- Wireless Locking Solutions
- Campus and School

ACCESS CONTROL
- Integrated ID Readers / Control Panels / Video / Software Solutions
- Campus and School
- Air Access

Key End Markets Served
- General Commercial / Small Business
- Schools
- Medical
- Detention Centers
- Airports
- Residential

Recurring Revenue Services $
Multiple Critical Use Cases Across End Markets
NAPCO Products Solve Most Pressing Security and Safety Needs

**Commercial Buildings**
- Managing hundreds of thousands of workers and visitors who need daily, weekly or single-use access
- Can give access to specific personnel only for their permitted areas of the building

**Medical & Detention Centers**
- Maternity wards can lock all doors and shut down elevators to prevent intruders from leaving hospitals with an infant
- Anti-suicide locks for detention centers
- Anti-microbial locks for hospitals

**Schools – Universities**
- Allows teachers to lock down their classroom with a simple key safely from inside the classroom
- Head of security can control lock downs on all campus buildings directly instead of relying on individual building staff to physically run through hallways

**Small Business & Residential**
- Alarm system with full video surveillance notifies you instantly of break-ins after business hours or while your home is vacant, including second homes
- Full access climate control integrated into smartphone app
NAPCO Products Address Full Suite of Building Security and Safety Needs

Unmatched Security Presence in Commercial Settings (Commercial = 80% of Revenue)
Diversified Distribution Channel Strategy Focused on the Professional

Strong Position with the Professional Channel is Key Strategic Advantage

- **80% Commercial / 20% Residential End Users**
- **Distributors (200+ in US)**
  - Independent Integrators 2,000+
  - Independent Dealers 10,000+

**Why Professionals Love Us**
- Longstanding product partner
- Significant breadth of products
- Fully integrated solutions / easy to install
- Proven reliability
- Understand customer needs
- Supporting professional’s growth and profitability
- High quality, ISO-certified products
Award-Winning Products Consistently Renowned by the Industry

- **2017**
  - Winner for the ESX Innovation Award
  - Wins SIA NPS Monitoring Solutions Award

- **2018**
  - Winner for the ESX Innovation Award
  - Wins "SSI MVP Award" from Security Systems and Integration Magazine

- **2019**
  - Wins "SSI Top 30 Technology Innovations Award" from Security Systems and Integration Magazine

- **2021**
  - Wins Gold for the Stellar Service "Best Warranty Policies"
  - Wins Silver for the Stellar Service "Best Training Programs"
  - Wins Silver for the Stellar Service "Best Dealer Protection Policies"

- **2022**
  - Winner for the ESX Innovation Award
  - Winner for the ESX Innovation Award
Differentiated Portfolio of High Margin Recurring Services
Large Current Installed Base with Significant White Space for Future Growth

- **Small / Mid Size Business & Residential**
  - IoT Smartphone App
  - **iBridge**
  - Small / Mid Size Business / Residential: $6 to $8 per month
  - Small / Mid Size Business / Residential Panel: $7 to $13 per month

- **Commercial Fire**
  - Single Path Cellular
  - Dual Path Cellular + IP
  - Firelink Panel with Starlink Communicator Built In
  - Commercial Fire $12-26 per month

- **Locking and Access Control**
  - Gateway for Wireless Door Communications from up to 63 Locks
  - Cellular System Communicator
  - Radio Controlled Lock
  - Air Access Hosted Service Plan: $20 per month (up to 12 doors and 500 access cards)
Recurring Services Product Highlights
Highly Sticky, Stable Revenue Stream with 85%+ Gross Margins

- Alarm signal transmitted via Verizon, AT&T and T-Mobile cellular networks
- Signal Boost™ technology to provide reliability even in remote areas
- iBridge smartphone IoT app controls lighting, locks, climate and video
- StarLink Connect works with millions of existing competitors’ alarm systems
- Dealer pays NAPCO monthly recurring revenue ("MRR") fees
- Significant owned data center capacity to support growth, with backup at different location
Significant Growth in Recurring Revenue with Highly Attractive Margins

Reported Recurring Revenue \(^{(1)}\)

\begin{align*}
\text{YoY growth} & \quad \text{SMM} \\
\% \text{ of Total} & \quad \% \text{ Gross} \\
\text{Revenue} & \quad \text{Margin} \\
2017 & \quad 9.1\% & \quad 75.2\% \\
2018 & \quad 13.1\% & \quad 76.8\% \\
2019 & \quad 16.9\% & \quad 78.2\% \\
2020 & \quad 23.7\% & \quad 82.0\% \\
2021 & \quad 29.7\% & \quad 85.6\% \\
2022 & \quad 32\% & \quad 87\% \\
\text{Long Term Target} & \quad \text{~50\%} \\
\text{(2026E)} & \quad \text{~80\%}
\end{align*}

Notes:
1. FYE June 30

\text{CAGR} = \frac{\text{Ending Value}}{\text{Beginning Value}}^{\frac{1}{\text{Number of Years}}} - 1

\text{Reported Recurring Revenue (1)}

\text{50\% CAGR}

\text{Long Term Target (2026E)}

\text{42.2\% CAGR}

\text{2017} \quad 7.9 \\
\text{2018} \quad 12.0 \\
\text{2019} \quad 17.4 \\
\text{2020} \quad 24.0 \\
\text{2021} \quad 33.9 \\
\text{2022} \quad 46.0 \\

\text{YoY growth}

\text{NA} \quad 51.2\% \quad 45.2\% \quad 38.0\% \quad 41.0\% \quad 36\%
Strong Track Record of Security Technology Innovation
Continuous Feedback Loop from Professional Channel and End Customers Drive Product / Tech Enhancements

Focus on New Proprietary Product and Technology Development...

- ~2,000 Proprietary SKUs
- ~6% LTM Revenue as Dedicated R&D Investment
- 100+ Patents and Trademarks
- 50+ Engineers

✓ Committed to continued innovation to improve products and technology-enabled security solutions
✓ In-house product development, engineering, and manufacturing allows for efficient testing and best-in-class quality
✓ Long-standing relationships with professional channel drives continuous feedback and consistent adoption of new products

...Drives Substantial New Products, Services, and Software in Key Categories

**Selected New Products**
- Campus and School Security
- FireLink Control Panel
- iSecure Home Security

**Selected New Recurring Services / Software**
- Cellular Based Access Control System
- iBridge
- Enterprise Integrated Access Control Software
Air Access: Industry’s First Cellular Based Access Control System
Massive Market Opportunity; The Future of Access Control & Locking

Gateway for wireless door communications from up to 63 locks

Cellular System Communicator

Easy Starter Kit 1

Wireless Network locks w/ integrated readers for any door

NetPanel w/ any Wiegand reader

LTE Cellular Network

Cloud-Based Software & Encrypted Data

End Users – Informed & in Control via app or online

Additional Recurring Service Revenue generator for NAPCO and dealers

Cloud-based service powered by proven StarLink technology

No corporate IT department integration - cellular based technology

No expensive upfront hardware costs

Easily installable, highly scalable
Significant Focus on School and Campus Security
Best-In-Class Solutions Across Full Spectrum of Technology-Driven Products and Services

Representative School Security Solutions

- **LocDown Locking Retrofit Classroom**
  - Retrofit classroom locks with inside key and lockdown indicator
  - Lock down classrooms, offices, common areas, labs, with a key from safely inside

- **Door Access**
  - 10-Second Global Lockdown Networked locks with PIN, ID Cards or Keyfob
  - Local and Global lockdown functionality, activated from the server or with a button

- **Alarms**
  - Advanced intrusion and fire alarm reporting solutions
  - Increases protection and response time, eliminates landline costs

- **Enterprise Access Security & Video**
  - All-enterprise solution controls alarms, video, wireless locking, doors, elevators & access
  - CA4K scalable enterprise software

Solutions range from basic classroom locking from $100 to radio-controlled lockdown for $1,000 / door

Top Institutions Trust NAPCO’s School Solutions

K-12 Market is ~131,000 Schools

Colleges & Universities Market is ~5,300 Schools

Notes:
1. National Center for Education Statistics (NCES) and Education Unlimited, based on 136,300 schools and an average spend of $75,000 per school

In the US, school security represents a ~$10Bn total opportunity (1)
Best-In-Class Management Team with Decades of Experience

Richard Soloway / President & CEO – Founder, 30+ years security, electronics experience. Founded two previous companies, the first of which installed electric garage door openers and the second manufactured guitar amplifiers, buzz boxes and wah wah pedals. Winner of numerous awards including Ernst & Young’s Entrepreneur of the Year and holder of patents relating to security products.

Michael Carrieri / SVP Engineering – Over 20 years of experience in the security industry. Extensive knowledge of developing advanced electronic products with applications in military/defense, media/broadcasting and consumer electronics. Fire Chief Emeritus of the Fire Department of Melville, Long Island.

Stephen Spinelli / SVP Sales – 25 years of sales experience in the security industry. Previously Mr. Spinelli was with a global leader in commercial & residential security systems, comprising alarms, access control and locking. He has a proven track record of leading sales teams and consistently surpassing sales goals.

Patrick McKillop / Vice President Investor Relations – Over 20 years of experience in financial services, including previous positions at Cowen & Co, Maxim Group and Rodman & Renshaw. Mr. McKillop focuses on widening outreach to the investment community and continuing to foster long lasting and quality relationships.
Financial Overview
# NAPCO Financial Highlights

## Growth
- Strong long term track record of growth
- High ROI investments to position for future
- Expanding TAM with new products and services across markets
- Total Revenue CAGR (2017-LTM): **10.4%**

## Recurring
- High growth SaaS / recurring revenue model
- Sticky, stable revenue with minimal churn
- Drives operating leverage in the business
- Recurring Revenue CAGR (2017-LTM): **42%**

## Profitability
- High profitability / strong FCF generation
- Low cost manufacturing to drive future operating leverage
- Clear path to expand margins
- LTM Recurring Gross Margin: **87%**

## Balance Sheet
- No debt on balance sheet today
- Substantial financial flexibility
- LTM Leverage: **0.0x**
Strong Long Term Financial Profile
Substantial Growth and Margin Expansion

Reported Revenue (1)
$MM

<table>
<thead>
<tr>
<th>Year</th>
<th>Product</th>
<th>Recurring Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>87.4</td>
<td>7.9</td>
<td>95.3</td>
</tr>
<tr>
<td>2018</td>
<td>91.7</td>
<td>12.0</td>
<td>103.7</td>
</tr>
<tr>
<td>2019</td>
<td>102.9</td>
<td>17.4</td>
<td>120.3</td>
</tr>
<tr>
<td>2020</td>
<td>101.4</td>
<td>24.0</td>
<td>125.4</td>
</tr>
<tr>
<td>2021</td>
<td>114.0</td>
<td>33.9</td>
<td>147.9</td>
</tr>
<tr>
<td>2022</td>
<td>143.6</td>
<td>46.0</td>
<td>199.6</td>
</tr>
</tbody>
</table>

CAGR: 10.4%

Notes:
1. FYE June 30

Adjusted EBITDA (1)
$MM

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.9</td>
<td>9.0%</td>
</tr>
<tr>
<td>2018</td>
<td>10.0</td>
<td>10.9%</td>
</tr>
<tr>
<td>2019</td>
<td>15.0</td>
<td>14.6%</td>
</tr>
<tr>
<td>2020</td>
<td>14.7</td>
<td>14.5%</td>
</tr>
<tr>
<td>2021</td>
<td>19.5</td>
<td>17.1%</td>
</tr>
<tr>
<td>2022</td>
<td>22.6</td>
<td>16%</td>
</tr>
</tbody>
</table>

CAGR: 23%

Notes:
1. FYE June 30
# Robust Long-Term Model

## Sustainable Profitable Growth

<table>
<thead>
<tr>
<th>Metric</th>
<th>LTM FY22</th>
<th>Long Term Target (≈2026E or sooner)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$143.6MM</td>
<td>≈$300MM</td>
<td>≈30% CAGR</td>
</tr>
<tr>
<td>Recurring Revenue (% of Total)</td>
<td>$46MM (32%)</td>
<td>≈$150MM (50%)</td>
<td>≈50% CAGR</td>
</tr>
<tr>
<td>Recurring Gross Margin (%)</td>
<td>87%</td>
<td>≈80%</td>
<td>≈(700bps)</td>
</tr>
<tr>
<td>Product Revenue (% of Total)</td>
<td>$97.6MM (68%)</td>
<td>≈$150MM (50%)</td>
<td>≈16% CAGR</td>
</tr>
<tr>
<td>*Product Gross Margin (%)</td>
<td>20%</td>
<td>≈50%</td>
<td>≈+3,000bps</td>
</tr>
<tr>
<td>**Total EBITDA Margin (%)</td>
<td>16%</td>
<td>≈50%</td>
<td>≈+3,400bps</td>
</tr>
</tbody>
</table>

*Q422 Product Gross Margins were 27%.

**Q422 EBITDA Margins were 21%
Fiscal 2022 Highlights
FYE June 30

**FY22 Sales**
- Sales up 26% YoY to Record $143.6MM

**Recurring Revenue**
- Recurring Revenue up 36% YoY
- MRR Gross Margin 87%
- Recurring Revenue Annual Run Rate $54MM*
  *based on July 2022

**FY22 Adjusted EBITDA**
- $22.6MM
- Increased 13% from FY21
- FY22 Adj. EBITDA per share $0.61 (2)

**FY22 Record Net Income**
- $19.6MM
- Increased 27% from FY21
- FY22 GAAP EPS of $0.53
- Q4 Equipment Margins up 800 bps to 27% vs. 19% in FQ3’22

**Cash & Marketable Securities**
- $46.8MM

Notes:
1. Reflects 2 for 1 stock split effective 1/4/22
2. See GAAP reconciliation in Appendix
## Selected Balance Sheet Highlights

**As of June 30, 2022**

($MM)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Marketable Securities</td>
<td>$46.8</td>
</tr>
<tr>
<td>Working Capital (1)</td>
<td>$93.1</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$148.6</td>
</tr>
<tr>
<td>Debt</td>
<td>$0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$34.8</td>
</tr>
<tr>
<td>Stockholders’ Equity</td>
<td>$113.8</td>
</tr>
<tr>
<td>Diluted Shares Outstanding (2)</td>
<td>36.9</td>
</tr>
</tbody>
</table>

**NAPCO’S FACILITIES**

- **180,000 square foot**
- **95,000 square foot**

- Headquarters and factory in Amityville, NY
- ISO-certified factory in Dominican Republic

- Amityville, NY and Dominican Republic company owned facilities on the books for <$1MM while the market value exceeds $17MM
- Facilities in New York and the Dominican Republic allow for receiving products within approximately 6 days versus 6 weeks if were sourced from China
- No U.S. tariffs for manufacturing components shipped from China to DR

**Notes:**

1. Working capital shown as total current assets less total current liabilities
2. Diluted shares outstanding as of June 30, 2022
NAPCO Stock Snapshot
As of August 26, 2022

Stock Price: $25.46
52 Week Range: $15.39-$27.66
Basic Shares Outstanding: 36.8MM
Market Capitalization: $937MM

- Reflects 2 for 1 stock split effective 1/5/22

Insider Ownership
~ 21%

Institutional Holders
- Wasatch Advisors
- Thrivent Asset Mgmt.
- Fidelity Investments
- Janus Henderson
- GW&K Investment Mgmt.

Analyst Coverage
- Canaccord Genuity
- Lake Street Capital
- Imperial Capital
- B Riley Securities
- Needham & Co.
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Contact Us

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Visit – www.investor.napcosecurity.com
or
Email – Patrick McKillop / Vice President of Investor Relations – pmckillop@napcosecurity.com

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APPENDIX

Financial Supplemental Information
## Financials
### FYE June 30

**NAPCO Security Technologies Inc (NSSC US) – Adjusted**

<table>
<thead>
<tr>
<th>In Millions of USD except Per Share</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Months Ending 6/30/2020</td>
<td>101.4</td>
<td>114.0</td>
<td>143.6</td>
</tr>
<tr>
<td>+ Sales &amp; Services Revenue</td>
<td>101.4</td>
<td>114.0</td>
<td>143.6</td>
</tr>
<tr>
<td>− Cost of Revenue</td>
<td>57.9</td>
<td>58.9</td>
<td>84.4</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>43.5</td>
<td>50.1</td>
<td>59.1</td>
</tr>
<tr>
<td>− Operating Expenses</td>
<td>30.9</td>
<td>32.8</td>
<td>40.9</td>
</tr>
<tr>
<td>+ Selling, General &amp; Admin</td>
<td>23.7</td>
<td>25.2</td>
<td>32.9</td>
</tr>
<tr>
<td>+ Research &amp; Development</td>
<td>7.3</td>
<td>7.6</td>
<td>8.0</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>10.8</td>
<td>17.3</td>
<td>18.2</td>
</tr>
<tr>
<td>Pretax Income (Loss), GAAP</td>
<td>10.8</td>
<td>17.3</td>
<td>21.8</td>
</tr>
<tr>
<td>− Income Tax Expense (Benefit)</td>
<td>2.3</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Net Income, GAAP</td>
<td>8.5</td>
<td>14.9</td>
<td>19.6</td>
</tr>
<tr>
<td>Basic Weighted Avg Shares</td>
<td>18.4</td>
<td>18.3</td>
<td>36.7</td>
</tr>
<tr>
<td>Basic EPS, GAAP</td>
<td>0.50</td>
<td>0.80</td>
<td>.53</td>
</tr>
<tr>
<td>Diluted Weighted Avg Shares</td>
<td>18.5</td>
<td>18.4</td>
<td>36.8</td>
</tr>
<tr>
<td>Diluted EPS, GAAP</td>
<td>0.50</td>
<td>0.80</td>
<td>.53</td>
</tr>
</tbody>
</table>

**Reference Items**

| EBITDA                             | 14.7          | 19.5          | 22.6          |
| EBITDA Margin (T12M)               | 14.6          | 17.0          | 16.0          |
| Gross Margin                       | 43.0          | 44.0          | 41.0          |
| Operating Margin                   | 11.7          | 15.2          | 12.6          |
| Profit Margin                      | 8.4           | 13.0          | 13.6          |
### Reconciliation of Non-GAAP Financial Measures

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30 ($ in thousands)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (GAAP)</td>
<td>8,469</td>
<td>14,901</td>
<td>19,599</td>
</tr>
<tr>
<td>Add back provision for income taxes</td>
<td>2,284</td>
<td>2,429</td>
<td>2,247</td>
</tr>
<tr>
<td>Add back interest expense</td>
<td>9</td>
<td>5</td>
<td>(3,621)</td>
</tr>
<tr>
<td>Operating income (GAAP)</td>
<td>10,800</td>
<td>17,335</td>
<td>18,225</td>
</tr>
<tr>
<td>Adjustments for non-GAAP measurements of performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add back amortization of acquisition-related intangibles</td>
<td>264</td>
<td>425</td>
<td>391</td>
</tr>
<tr>
<td>Add back stock-based compensation expense</td>
<td>583</td>
<td>435</td>
<td>1,649</td>
</tr>
<tr>
<td>Adjusted non-GAAP operating income</td>
<td>13,512</td>
<td>18,195</td>
<td>20,855</td>
</tr>
<tr>
<td>Add back depreciation and other amortization</td>
<td>1,232</td>
<td>1,271</td>
<td>1,380</td>
</tr>
<tr>
<td>Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization)</td>
<td>14,744</td>
<td>19,466</td>
<td>22,262</td>
</tr>
<tr>
<td>Adjusted EBITDA* per Diluted Share</td>
<td>0.80</td>
<td>1.06</td>
<td>.61</td>
</tr>
<tr>
<td>Weighted average number of Diluted Shares outstanding</td>
<td>18,493,000</td>
<td>18,404,000</td>
<td>36,840,000</td>
</tr>
</tbody>
</table>