

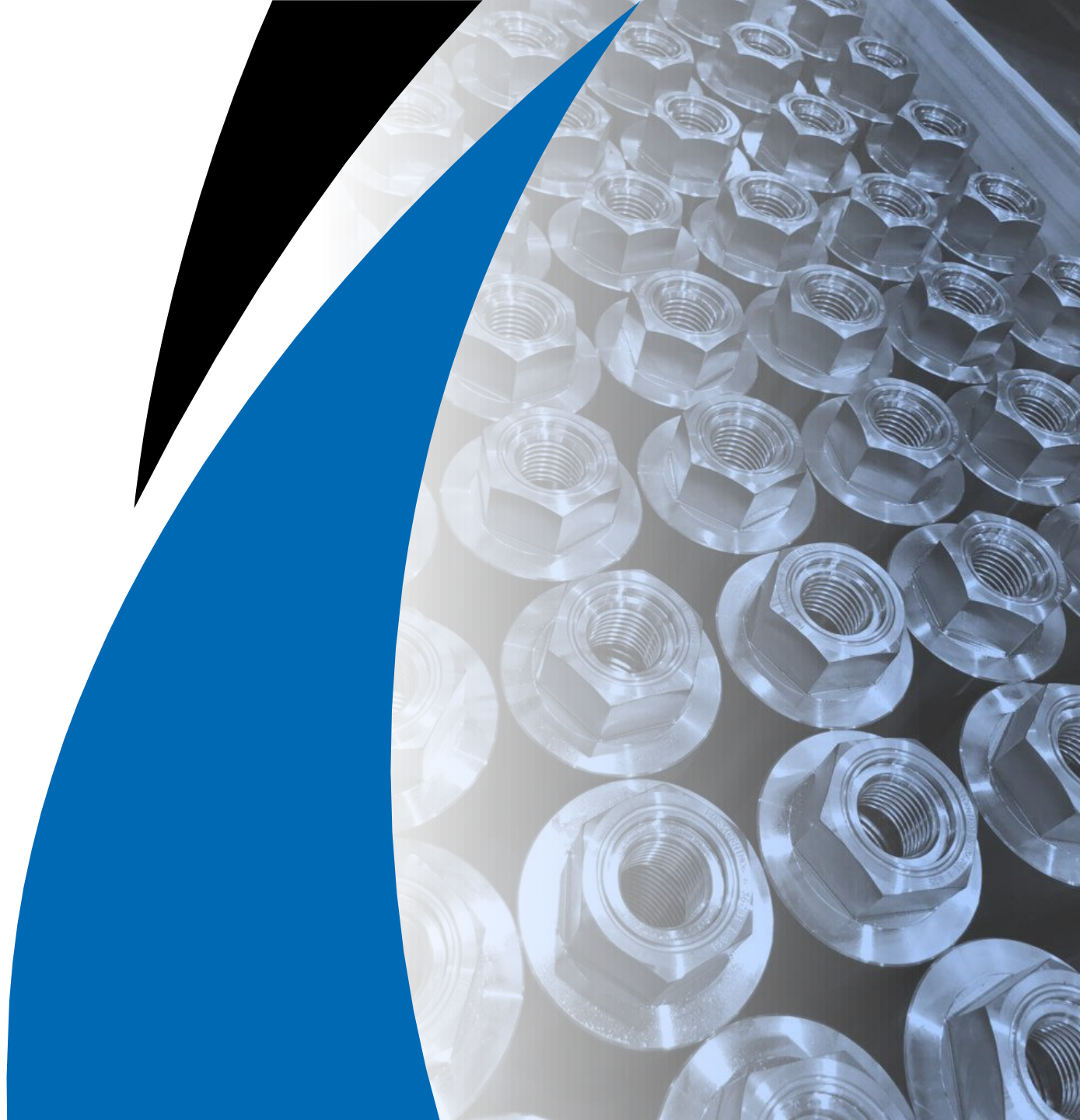


Q2 2023 UNAUDITED FINANCIAL REPORT

**USD 40m Senior secured
bond issue**

30 August, 2023

www.lonestargroup.com



SUMMARY



- > Whitworth Midco Limited acquired the LoneStar Group on the 8th March 2023. Financial information for Q2 2023 and financial position at 30 June 2023 is presented on a consolidated basis at the level of Whitworth Midco Limited. Comparatives including certain pre-acquisition financial information are presented on a pro forma basis.
- > All financial data is unaudited, unless otherwise stated. Accounting for the acquisition is ongoing, including the purchase price allocation and transaction related costs. This could lead to further adjustments to the FY23 financial information. This accounting process will be completed as part of the year-end process.
- > **Q2 trading**
 - Q2 2023 revenue of c.£47.0m, an increase of c.9.4% on Q2 2022, at a gross margin of c.34.5%.
 - Q2 EBITDA of c.£7.0m and YTD EBITDA of c.£15.5m up c.27.4% and c.52.7% respectively on prior year.
 - Reported LTM sales and EBITDA on a pro forma basis of c.£185.4m and c.£25.8m respectively as at June 2023.

> Balance sheet

- Net assets at 30 June 2023 amounted to c.£42.2m.
- As at 30 June 2023, the Group recorded a cash balance of c.£8.3m with financial debt consisting of term loan, revolver and bond of c.£59.0m (including c.£31.6m relating to the bond) and c.£6.0m of deferred consideration relating to the acquisition which is due in September 2023.

> Cash flow

- Q2 2023 cash flow reflects the issue of the bond and subsequent repayment of shareholder loans in June.
- Operating cash flow (OCF) generation remained strong in Q2 2023 helped by EBITDA performance.

> Covenant

- Leverage Ratio at 30 June 2023 of 2.2x with Consolidated Net Debt of c.£57.2m and LTM EBITDA of c.£25.8m.

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Notes: Consolidated Net Debt figure excludes c.£0.5m of cash collateral held as Security

PROFIT AND LOSS



Summary P&L

	Q2 2023		
	Actual	Prior Year	
	£'000	£'000	Var
Net Revenue	46,999	42,969	9.4%
Cost of sales	(30,790)	(29,589)	4.1%
<i>% of Net revenue</i>	65.5%	68.9%	-3.3%
Gross Profit	16,208	13,380	21.1%
Gross Margin	34.5%	31.1%	3.3%
Operating Expenses	(9,727)	(8,398)	15.8%
<i>% of Net revenue</i>	20.7%	19.5%	1.2%
Add: depreciation	518	511	1.5%
EBITDA	6,999	5,493	27.4%
<i>% Net Margin</i>	14.9%	12.8%	2.1%
Depreciation	(518)	(511)	
EBITA	6,481	4,982	30.1%
Loan Amortisation	(24)		
Goodwill Amortisation	(1,295)		
FX gain / (loss)	913		
Management Fees	(37)		
Exceptional Costs	(2,881)		
Net Interest	(677)		
Corporation Taxes	(681)		
Net Income	1,799		
<i>% of Net revenue</i>	3.8%		
Interest on shareholders loan notes	(1,240)		
Net Income	559		
<i>% of Net revenue</i>	1.2%		

	YTD 2023		
	Actual	Prior Year	
	£'000	£'000	Var
Net Revenue	97,767	82,061	19.1%
Cost of sales	(63,741)	(56,783)	12.3%
<i>% of Net revenue</i>	65.2%	69.2%	-4.0%
Gross Profit	34,026	25,278	34.6%
Gross Margin	34.8%	30.8%	4.0%
Operating Expenses	(19,545)	(16,107)	21.3%
<i>% of Net revenue</i>	20.0%	19.6%	0.4%
Add: depreciation	1,055	1,005	4.9%
EBITDA	15,536	10,176	52.7%
<i>% Net Margin</i>	15.9%	12.4%	3.5%
Depreciation	(1,055)	(1,005)	
EBITA	14,481	9,171	57.9%
Loan Amortisation			
Goodwill Amortisation			
FX gain / (loss)			
Management Fees			
Exceptional Costs			
Net Interest			
Corporation Taxes			
Net Income			
<i>% of Net revenue</i>			
Interest on shareholders loan notes			
Net Income			
<i>% of Net revenue</i>			

	LTM	FY22
	Actual	Actual
	£'000	£'000
Net Revenue	185,370	169,664
Cost of sales	(124,616)	(117,658)
<i>% of Net revenue</i>	67.2%	69.3%
Gross Profit	60,754	52,006
Gross Margin	32.8%	30.7%
Operating Expenses		
<i>% of Net revenue</i>		
Add: depreciation		
EBITDA	25,819	20,460
<i>% Net Margin</i>	13.9%	12.1%
Depreciation		
EBITA		
Loan Amortisation		
Goodwill Amortisation		
FX gain / (loss)		
Management Fees		
Exceptional Costs		
Net Interest		
Corporation Taxes		
Net Income		
<i>% of Net revenue</i>		
Interest on shareholders loan notes		
Net Income		
<i>% of Net revenue</i>		

Consolidated P&L

> Whitworth Midco Limited acquired the LoneStar Group on 8th March 2023. YTD, Prior Year, LTM and FY22 figures to EBITDA are presented on a pro forma basis.

> Q2 2023 revenue of c.£47.0m, an increase of c.£4.0m (c.9.4%) on the prior year driven by Europe and MENA-APAC.

> Gross profit margin was c.34.5%, up from c.31.1% in the prior year, helped by increase in revenue.

> Q2 and YTD EBITDA up c.27.4% and c.52.7% respectively on prior year.

> Exceptional costs in the P&L in Q2 includes c.£2.8m acquisition/financing related costs.

> Accounting for the acquisition is ongoing, including the purchase price allocation and transaction related costs. This could lead to further adjustments to the FY23 financial information. This accounting process will be completed as part of the year-end process.

Notes: Prior year and LTM results are prepared on a pro-forma basis. Figures are shown before any FY22 audit adjustments.

BALANCE SHEET



Balance Sheet £'000	Jun-23	Mar-23
Cash	8,327	11,777
Trade Receivables	33,364	34,414
Other Receivables	2,513	2,728
Inventory	51,548	52,904
Total Current Assets	95,752	101,823
Plant, Property and Equipment	6,133	6,112
Other non current assets	25,808	28,488
Total Assets	127,694	136,423
Trade Accounts Payable	(14,955)	(15,804)
VAT	720	515
Other Payables	(1,867)	(4,403)
Accrued Expenses	(13,109)	(12,381)
Income tax payable	(615)	(774)
Interest accrual	(367)	(138)
Total Current Liabilities	(30,193)	(32,987)
<u>Non Current Liabilities</u>		
Deferred tax Asset	8,363	8,515
Other Non Current Liabilities		
Total Non Current Assets / Liabilities	8,363	8,515
Total Liabilities	(21,830)	(24,472)
<u>Financial Debt</u>		
Term Loans	(40,588)	(9,000)
Revolver	(18,410)	(17,025)
Capitalised debt fees	1,239	296
Deferred consideration	(5,953)	(9,950)
Total Financial Debt	(63,713)	(35,679)
Net Assets	42,151	76,272

Consolidated Balance Sheet

- > The adjacent table presents the unaudited consolidated balance sheet on a post-acquisition basis.
- > Accounting for the acquisition is ongoing, including the purchase price allocation and transaction related costs. This could lead to further adjustments to the FY23 financial information. This accounting process will be completed as part of the year-end process.
- > Jun-23 balance sheet reflects the issue of the bond in June, making up c.£31.6m of the Term Loans in the balance sheet at that date.

Notes: Historic actual figures are shown before any FY22 audit adjustments. Financial Debt excludes bonds/guarantees.

CASH FLOW



	Q2 2023
	£'000
EBITDA	6,999
Movement in WC	1,357
FX on WC	(821)
Total	537
Capex	(614)
Operating Cash Flow (pre Exceptionals)	6,922
Exceptional Costs	(115)
Management Fees	(37)
Corporation Taxes	(760)
Operating Cash Flow	6,009
Net interest payments	(430)
Deferred consideration payments	(3,997)
Long term debt	31,625
Total Debt Service	27,197
Acquisitions (exc. debt drawdown)	(4,366)
Equity funding	(32,231)
FX/Other Movement	(60)
Net Cash Flow	(3,450)
Opening Cash	11,777
Net Cash Flow	(3,450)
Closing Cash	8,327

Consolidated Cash Flow

- > The adjacent table presents the consolidated cash flow for Q2 2023 on a post-acquisition basis following the acquisition of the LoneStar Group by Whitworth Midco Limited on 8th March 2023.
- > Accounting for the acquisition is ongoing, including the purchase price allocation and transaction related costs. This could lead to further adjustments to the FY23 financial information. This accounting process will be completed as part of the year-end process.
- > Underlying OCF cash generation remains strong in Q2 2023 helped by EBITDA performance. OCF of c.£6.0m represented c.86% conversion of EBITDA.
- > Q2 2023 cash flow reflects the issue of the bond and subsequent repayment of shareholder loans in June.
- > Long term debt includes net inflow from bond proceeds of c.£30.5m along with net drawdowns from the existing ABL facility, in part to finance the 1st deferred consideration payment made in April 2023.

Notes: Post-acquisition cash flow presented only following the acquisition of the LoneStar Group by Whitworth Midco Limited on 8th March 2023.



THANK YOU

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