

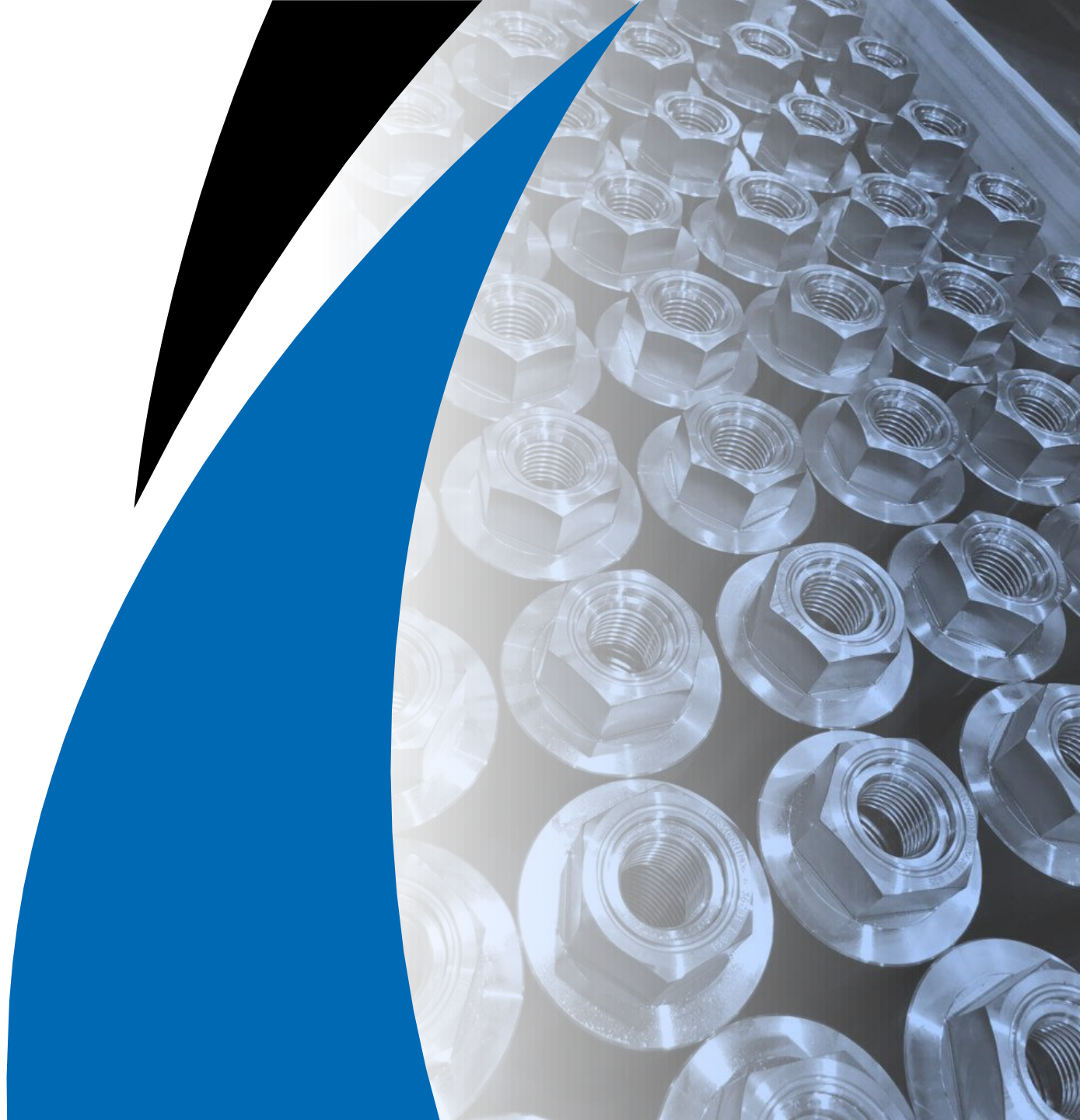


Q3 2023 UNAUDITED FINANCIAL REPORT

**USD 40m Senior secured
bond issue**

8 November, 2023

www.lonestargroup.com



SUMMARY



- > Whitworth Midco Limited acquired the LoneStar Group on the 8th March 2023. Financial information for Q3 2023 and financial position at 30 September 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.

- > **Q3 trading**
 - Q3 2023 revenue of c.£49.8m, an increase of c.8.5% on Q3 2022, at a gross margin of c.34.3%.

 - Q3 EBITDA of c.£7.8m and YTD EBITDA of c.£23.4m up c.42.7% and c.49.2% respectively on prior year.

 - Reported LTM sales and EBITDA on a pro forma basis of c.£189.3m and c.£28.2m respectively as at September 2023.

- > **Order intake and order book**
 - Order book at 30 September 2023 was c.£46.9m (up from c.£46.6m at 30 June 2023) with order intake in Q3 at c.£50.1m, broadly in line with Q3 2022 order intake of c.£50.5m.

- > **Balance sheet**
 - Net assets at 30 September 2023 amounted to c.£46.3m.

 - As at 30 September 2023, the Group recorded a cash balance of c.£13.9m with financial debt consisting of term loan, revolver and bond of c.£63.0m (including c.£32.8m relating to the bond). Deferred consideration of c.£6.0m was paid in September 2023.

- > **Cash flow**
 - Q3 2023 cash flow reflects the repayment of the deferred consideration in September 2023.

 - Operating cash flow (OCF) generation remained strong in Q3 2023 helped by EBITDA performance.

- > **Covenant**
 - Leverage Ratio at 30 September 2023 of c.1.8x with Consolidated Net Debt of c.£49.6m and LTM EBITDA of c.£28.2m.

Disclaimer

We, Whitworth Midco Limited (the “Issuer”), have prepared this information material, together with its enclosures and appendices (collectively, the “Information Material”), in order to provide information with regards to the Issuer’s results. This Information Material does not constitute an offer, invitation or solicitation of an offer to buy any securities.

The Issuer does not make any undertaking, representation or warranty (express or implied) as to the accuracy or completeness of the information (whether written or oral and whether included in this Information Material or elsewhere) concerning the Issuer or other matters described herein. Neither the Issuer nor any of its parent or subsidiary undertakings or any such person’s affiliates, officer, employees or advisers accept any liability whatsoever arising directly or indirectly from the use of this Information Material or otherwise in connection with the matters described herein.

The distribution of this Information Material in certain jurisdiction is restricted by law. This Information Material is not for distribution or release, directly or indirectly, in or into any jurisdiction in which the distribution or release would be unlawful.

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

PROFIT AND LOSS



Summary P&L

| | Q3 2023 | | |
|--|-----------------|-----------------|--------------|
| | Actual | Prior Year | |
| | £'000 | £'000 | Var |
| Net Revenue | 49,811 | 45,910 | 8.5% |
| Cost of sales | (32,708) | (31,954) | 2.4% |
| <i>% of Net revenue</i> | <i>65.7%</i> | <i>69.6%</i> | <i>-3.9%</i> |
| Gross Profit | 17,103 | 13,957 | 22.5% |
| Gross Margin | 34.3% | 30.4% | 3.9% |
| Operating Expenses | (9,820) | (9,003) | 9.1% |
| <i>% of Net revenue</i> | <i>19.7%</i> | <i>19.6%</i> | <i>0.1%</i> |
| Add: depreciation | 539 | 527 | 2.3% |
| EBITDA | 7,822 | 5,481 | 42.7% |
| <i>% Net Margin</i> | <i>15.7%</i> | <i>11.9%</i> | <i>3.8%</i> |
| Depreciation | (539) | (527) | |
| EBITA | 7,283 | 4,954 | 47.0% |
| Loan Amortisation | (73) | | |
| Goodwill Amortisation | (1,295) | | |
| FX gain / (loss) | (1,868) | | |
| Management Fees | (37) | | |
| Exceptional Costs | (419) | | |
| Net Interest | (1,848) | | |
| Corporation Taxes | (844) | | |
| Net Income | 899 | | |
| <i>% of Net revenue</i> | <i>1.8%</i> | | |
| Interest on shareholders loan notes | (515) | | |
| Net Income | 384 | | |
| <i>% of Net revenue</i> | <i>0.8%</i> | | |

| | YTD 2023 | | |
|--|-----------------|-----------------|--------------|
| | Actual | Prior Year | |
| | £'000 | £'000 | Var |
| Net Revenue | 147,578 | 127,971 | 15.3% |
| Cost of sales | (96,449) | (88,736) | 8.7% |
| <i>% of Net revenue</i> | <i>65.4%</i> | <i>69.3%</i> | <i>-4.0%</i> |
| Gross Profit | 51,129 | 39,235 | 30.3% |
| Gross Margin | 34.6% | 30.7% | 4.0% |
| Operating Expenses | (29,365) | (25,109) | 16.9% |
| <i>% of Net revenue</i> | <i>19.9%</i> | <i>19.6%</i> | <i>0.3%</i> |
| Add: depreciation | 1,594 | 1,532 | 4.0% |
| EBITDA | 23,358 | 15,658 | 49.2% |
| <i>% Net Margin</i> | <i>15.8%</i> | <i>12.2%</i> | <i>3.6%</i> |
| Depreciation | (1,594) | (1,532) | |
| EBITA | 21,764 | 14,125 | 54.1% |
| 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 | 189,271 | 169,664 |
| Cost of sales | (125,371) | (117,658) |
| <i>% of Net revenue</i> | <i>66.2%</i> | <i>69.3%</i> |
| Gross Profit | 63,900 | 52,006 |
| Gross Margin | 33.8% | 30.7% |
| Operating Expenses | | |
| <i>% of Net revenue</i> | | |
| Add: depreciation | | |
| EBITDA | 28,160 | 20,460 |
| <i>% Net Margin</i> | <i>14.9%</i> | <i>12.1%</i> |
| 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.
- > Q3 2023 revenue of c.£49.8m, an increase of c.£3.9m (c.8.5%) on the prior year with the increase driven by Europe and MENA-APAC.
- > Gross profit margin was c.34.3%, up from c.30.4% in the prior year, helped by the increase in revenue.
- > Q3 and YTD EBITDA up c.42.7% and c.49.2% respectively on prior year.
- > 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 | Sep-23 | Jun-23 | Mar-23 |
|---|-----------------|-----------------|-----------------|
| Cash | 13,949 | 8,327 | 11,777 |
| Trade Receivables | 34,658 | 33,364 | 34,414 |
| Other Receivables | 1,688 | 2,513 | 2,728 |
| Inventory | 50,075 | 51,548 | 52,904 |
| Total Current Assets | 100,371 | 95,752 | 101,823 |
| Plant , Property and Equipment | 6,596 | 6,133 | 6,112 |
| Other non current assets | 25,600 | 25,808 | 28,488 |
| Total Assets | 132,566 | 127,694 | 136,423 |
| Trade Accounts Payable | (16,055) | (14,955) | (15,804) |
| VAT | 768 | 720 | 515 |
| Other Payables | (2,106) | (1,867) | (4,403) |
| Accrued Expenses | (14,408) | (13,109) | (12,381) |
| Income tax payable | (608) | (615) | (774) |
| Interest accrual | (576) | (367) | (138) |
| Total Current Liabilities | (32,985) | (30,193) | (32,987) |
| <u>Non Current Liabilities</u> | | | |
| Deferred tax Asset | 8,603 | 8,363 | 8,515 |
| Other Non Current Liabilities | | | |
| Total Non Current Assets / Liabilities | 8,603 | 8,363 | 8,515 |
| Total Liabilities | (24,382) | (21,830) | (24,472) |
| <u>Financial Debt</u> | | | |
| Term Loans | (41,401) | (40,588) | (9,000) |
| Revolver | (21,607) | (18,410) | (17,025) |
| Capitalised debt fees | 1,166 | 1,239 | 296 |
| Deferred consideration | 0 | (5,953) | (9,950) |
| Total Financial Debt | (61,842) | (63,713) | (35,679) |
| Net Assets | 46,341 | 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.
- > Sep-23 balance sheet reflects the repayment of the deferred consideration in September. The issued bond makes up c.£32.8m of the Term Loans in the balance sheet at Sep-23.

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

CASH FLOW



| | <u>Q3 2023</u> |
|---|----------------|
| | <u>£'000</u> |
| EBITDA | 7,822 |
| Movement in WC | 3,594 |
| FX on WC | 1,340 |
| Total | 4,934 |
| Capex | (895) |
| Operating Cash Flow (pre Exceptionals) | 11,861 |
| Exceptional Costs | (275) |
| Management Fees | (37) |
| Corporation Taxes | (861) |
| Operating Cash Flow | 10,688 |
| Net interest payments | (1,645) |
| Deferred consideration payments | (5,953) |
| Long term debt | 186 |
| Total Debt Service | (7,411) |
| Acquisitions (exc. debt drawdown) | (145) |
| Equity funding | 0 |
| FX/Other Movement | 2,490 |
| Net Cash Flow | 5,622 |
| Opening Cash | 8,327 |
| Net Cash Flow | 5,622 |
| Closing Cash | 13,949 |

Consolidated Cash Flow

- > The adjacent table presents the consolidated cash flow 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 was strong in Q3 2023 helped by EBITDA performance. OCF of c.£10.7m represented c.137% conversion of EBITDA.
- > Q3 2023 cash flow reflects the repayment of the deferred consideration paid in September.
- > Long term debt includes net drawdowns from the existing ABL facility, in part to finance the deferred consideration payment made in September 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

CONTACT US

Jon Ainsworth
CFO

jon.ainsworth@lonestargroup.com

www.lonestargroup.com