

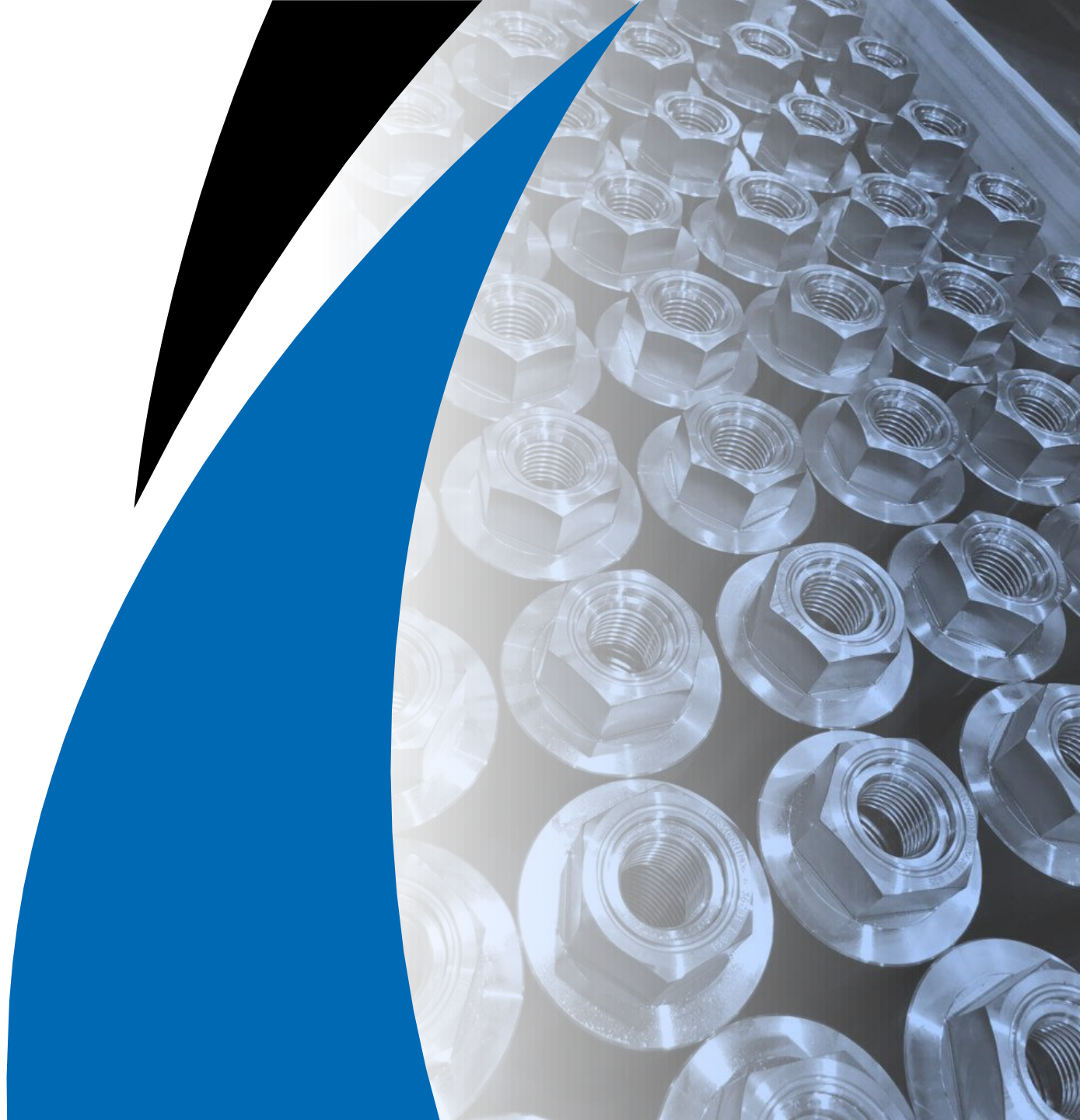


Q4 2023 UNAUDITED FINANCIAL REPORT

**USD 40m Senior secured
bond issue**

29 February, 2024

www.whitworthmidco.com



SUMMARY



- > Whitworth Midco plc acquired the LoneStar Group on the 8th March 2023. Financial information for Q4 2023 and the financial position at 31 December 2023 is presented on a consolidated basis at the level of Whitworth Midco plc. 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, transaction related costs and share based payments. This accounting process will be completed as part of the year-end statutory accounts process and the relevant adjustments will be included in the statutory accounts.
- > As part of the requirement to list the bonds, Whitworth Midco re-registered as a plc on 4 December 2023. The bonds were listed on the Nordic Alternative Bond Market on 20 December 2023.
- > **Q4 trading**
 - Q4 2023 revenue of c.£45.1m, an increase of c.8.3% on Q4 2022, at a gross margin of c.33.8%, with the majority of the revenue increase driven by the European region.
 - Q4 EBITDA of c.£6.0m and YTD EBITDA of c.£29.4m was up c.25.9% and c.43.7% respectively on the prior year, with the increase primarily driven by Europe and the Middle East while the Americas EBITDA was below the prior year comparative periods.
 - Reported LTM sales and EBITDA on a pro forma basis of c.£192.7m and c.£29.4m respectively as at December 2023.

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A description of the principal risks and uncertainties in respect of the Issuer can be found in the Admission Document dated 18 December 2023.

- > **Order intake and order book**
 - Order book at 31 December 2023 was c.£45.1m (down from c.£46.9m at 30 September 2023) with order intake in Q4 at c.£43.3m, slightly behind Q4 2022 order intake of c.£43.9m.
- > **Balance sheet**
 - Net assets at 31 December 2023 amounted to c.£44.6m.
 - As at 31 December 2023, the Group recorded a cash balance of c.£8.4m with financial debt consisting of term loan, revolver and bond of c.£53.3m (including c.£31.4m relating to the bond).
- > **Cash flow**
 - Q4 2023 cash flow reflects net sweep to the existing ABL facility, following centralisation of certain excess cash and subsequent transfer into the ABL facility.
 - Operating cash flow (OCF) generation of c.£4.3m in Q4 2023 being c.71% of Q4 2023 EBITDA.
- > **Covenant**
 - Leverage Ratio at 31 December 2023 of c.1.5x with Consolidated Net Debt of c.£45.4m and LTM EBITDA of c.£29.4m.

Notes: Consolidated Net Debt figure excludes c.£0.5m of cash collateral held as Security for covenant purposes. On a balance sheet basis net debt is c.£44.5m.

PROFIT AND LOSS



Summary P&L

	Q4 2023		
	Actual	Prior Year	
	£'000	£'000	Var
Net Revenue	45,141	41,693	8.3%
Cost of sales	(29,877)	(28,922)	3.3%
<i>% of Net revenue</i>	66.2%	69.4%	-3.2%
Gross Profit	15,264	12,771	19.5%
Gross Margin	33.8%	30.6%	3.2%
Operating Expenses	(9,761)	(8,501)	14.8%
<i>% of Net revenue</i>	21.6%	20.4%	1.2%
Add: depreciation	543	531	2.2%
EBITDA	6,045	4,802	25.9%
<i>% Net Margin</i>	13.4%	11.5%	1.9%
Depreciation	(543)	(531)	
EBITA	5,502	4,270	28.8%
Loan Amortisation	(73)		
Goodwill Amortisation	(1,295)		
FX gain / (loss)	2,066		
Management Fees	(38)		
Exceptional Costs	(1,683)		
Net Interest	(1,330)		
Corporation Taxes	(840)		
Net Income	2,309		
<i>% of Net revenue</i>	5.1%		
Interest on shareholders loan notes	(460)		
Net Income	1,849		
<i>% of Net revenue</i>	4.1%		

	YTD 2023		
	Actual	Prior Year	
	£'000	£'000	Var
Net Revenue	192,719	169,664	13.6%
Cost of sales	(126,326)	(117,658)	7.4%
<i>% of Net revenue</i>	65.5%	69.3%	-3.8%
Gross Profit	66,393	52,006	27.7%
Gross Margin	34.5%	30.7%	3.8%
Operating Expenses	(39,126)	(33,610)	16.4%
<i>% of Net revenue</i>	20.3%	19.8%	0.5%
Add: depreciation	2,137	2,064	3.5%
EBITDA	29,404	20,460	43.7%
<i>% Net Margin</i>	15.3%	12.1%	3.2%
Depreciation	(2,137)	(2,064)	
EBITA	27,267	18,396	48.2%
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	192,719	169,664
Cost of sales	(126,326)	(117,658)
<i>% of Net revenue</i>	65.5%	69.3%
Gross Profit	66,393	52,006
Gross Margin	34.5%	30.7%
Operating Expenses		
<i>% of Net revenue</i>		
Add: depreciation		
EBITDA	29,404	20,460
<i>% Net Margin</i>	15.3%	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 plc acquired the LoneStar Group on 8th March 2023. YTD, Prior Year, LTM and FY22 figures to EBITDA are presented on a pro forma basis.

> Q4 2023 revenue of c.£45.1m, an increase of c.£3.4m (c.8.3%) on the prior year with the increase driven principally by Europe.

> Gross profit margin was c.33.8%, up from c.30.6% in the prior year, helped by the increase in revenue.

> Q4 and YTD EBITDA up c.25.9% and c.43.7% respectively on prior year.

> Accounting for the acquisition is ongoing, including the purchase price allocation, transaction related costs and share based payments. This accounting process will be completed as part of the year-end statutory accounts process and the relevant adjustments will be included in the statutory accounts.

Notes: Prior year and LTM results are prepared on a pro-forma basis. Figures are shown before any FY23 audit adjustments.

BALANCE SHEET



Balance Sheet £'000	Dec-23	Sep-23	Jun-23	Mar-23
Cash	8,403	13,949	8,327	11,777
Trade Receivables	32,045	34,658	33,364	34,414
Other Receivables	1,262	1,688	2,513	2,728
Inventory	47,932	50,075	51,548	52,904
Total Current Assets	89,641	100,371	95,752	101,823
Plant , Property and Equipment	7,531	6,596	6,133	6,112
Other non current assets	23,063	25,600	25,808	28,488
Total Assets	120,235	132,566	127,694	136,423
Trade Accounts Payable	(17,536)	(16,055)	(14,955)	(15,804)
VAT	1,484	768	720	515
Other Payables	(1,888)	(2,106)	(1,867)	(4,403)
Accrued Expenses	(12,536)	(14,408)	(13,109)	(12,381)
Income tax payable	(957)	(596)	(603)	(762)
Interest accrual	(284)	(576)	(367)	(138)
Total Current Liabilities	(31,717)	(32,973)	(30,182)	(32,975)
<u>Non Current Liabilities</u>				
Deferred tax Asset	8,272	8,166	7,938	8,083
Other Non Current Liabilities				
Total Non Current Assets / Liabilities	8,272	8,166	7,938	8,083
Total Liabilities	(23,445)	(24,807)	(22,243)	(24,892)
<u>Financial Debt</u>				
Term Loans	(38,919)	(41,401)	(40,588)	(9,000)
Revolver	(14,401)	(21,607)	(18,410)	(17,025)
Capitalised debt fees	1,093	1,166	1,239	296
Deferred consideration	0	0	(5,953)	(9,950)
Total Financial Debt	(52,227)	(61,842)	(63,713)	(35,679)
Net Assets	44,562	45,916	41,738	75,852

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, transaction related costs and share based payments. This accounting process will be completed as part of the year-end statutory accounts process and the relevant adjustments will be included in the statutory accounts.
- > The issued bond makes up c.£31.4m of the Term Loans in the balance sheet at 31 December 2023.

Notes: Historic actual figures are shown before any FY23 audit adjustments. Financial Debt excludes bonds/guarantees.

CASH FLOW



	<u>Q4 2023</u>
	<u>£'000</u>
EBITDA	6,045
Movement in WC	3,862
FX on WC	(1,537)
Total	2,325
Capex	(1,553)
Operating Cash Flow (pre Exceptionals)	6,817
Exceptional Costs	(1,683)
Management Fees	(38)
Corporation Taxes	(798)
Operating Cash Flow	4,299
Net interest payments	(1,615)
Deferred consideration payments	0
Long term debt	(7,709)
Total Debt Service	(9,324)
Acquisitions (exc. debt drawdown)	0
Equity funding	0
FX/Other Movement	(521)
Net Cash Flow	(5,546)
Opening Cash	13,949
Net Cash Flow	(5,546)
Closing Cash	8,403

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 plc on 8th March 2023.
- > Accounting for the acquisition is ongoing, including the purchase price allocation, transaction related costs and share based payments. This accounting process will be completed as part of the year-end statutory accounts process and the relevant adjustments will be included in the statutory accounts.
- > Underlying cash generation before exceptional costs and tax was strong in Q4 2023. OCF, after exceptional costs and tax, of c.£4.3m represented c.71% conversion of EBITDA.
- > Long term debt includes net sweep to the existing ABL facility, following centralisation of certain excess cash and subsequent transfer into the ABL facility.

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



THANK YOU

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