

# INVESTOR PRESENTATION: ANNUAL RESULTS

Covering period of:  
July 2020-December 2021



Nadeem Raza  
Chief Executive Officer

Bill Wynn  
Chief Financial Officer

PRIVATE & CONFIDENTIAL



# PRESENTATION TEAM



**NADEEM RAZA**  
Chief Executive Officer

**Joined Microlise in 1987**

Led management buyout in 2008, and named in FT Top 100 BAME leaders in 2018. Board member of Trakm8 and Deputy Lieutenant for Nottinghamshire.



**BILL WYNN**  
Chief Financial Officer

**Joined Microlise in 2007**

Experienced CFO with over 30 years of board level experience in private and PE backed and global companies. Two thirds of this time has been within software companies. He has led several M&A processes and was part of the management buyout in 2008.

# INTRODUCTION TO MICROLISE

A leading provider of **transport management solutions** to **enterprise customers**

- Solving very **complex needs** with **proprietary software and hardware** solutions
- Automating **critical processes** and providing **real time data**
- **Dominant market share** of operators of large HGV fleets in the UK (58% > 500 vehicles)
- Customers benefit from **cost savings, emissions reductions** and other **efficiencies**
- **Modular end to end offering** which becomes embedded in client operations leading to **very low churn – 0.1%**
- **High barriers to entry**, sticky customer base and **high revenue visibility**



**1982**  
Established



**Global**  
Deployments in  
197 countries



**600+**  
staff



**4**  
Offices



**400+**  
Enterprise  
Customers



**£60m**  
CY21 Revenue  
(£38.9m ARR  
SAAS Recurring)



**3**  
Queen's Awards  
for Enterprise

- Clear **Growth Strategy**, upsell existing UK customers, new UK and international markets, margin enhancement and M&A
- **AIM IPO in July 2021** raised **£18.6m primary capital** to fund future growth

# A PROPRIETARY MODULAR PLATFORM

Enabling global enterprises to run highly complex logistics supply chains

## FLEET PERFORMANCE



Vehicle tracking and asset utilisation  
Driver and asset performance  
Diagnostics, KPIs, dashboards and reports

## FLEET COMPLIANCE



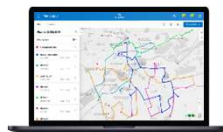
Suite of compliance software solutions  
DVSA Earned Recognition approved  
Covering fleet maintenance, tachograph compliance, driver hours and more

## FLEET SAFETY



Safety module with Incident Data Recorder & Contextual Speeding  
ClearVision camera solutions  
Bridge Strike avoidance app  
Panic alarms and door sensors

## PLANNING & OPTIMISATION



Reduces planning time  
Allows operators to do more with less  
Reduces fleet mileage travelled  
Produce highly efficient plans  
Flexibility to manage exceptions

## JOURNEY MANAGEMENT



Real-time visibility of fleet performance vs schedule  
Facilitates proactive customer service  
Identifies issues early  
Provides planned vs actual comparison

## DRIVER CONNECTED MOBILITY



Range of hardware options for drivers  
Microlise own hardware + Zebra Technologies partnership  
Facilitates driver management and communications

# HELPING CUSTOMERS MEET THEIR COMMITMENTS

Logistics fleet operators improve across a range of KPIs including environmental emissions, operating efficiency and safety standards



Reduced Mileage  
Travelled



Improved Driver  
Performance



Reduced Fuel Use



Reduced Emissions



Reduced Vehicle  
Wear & Tear



Reduced Accidents



Reduced Insurance  
Premiums



Improved Fleet  
Efficiency &  
Utilisation

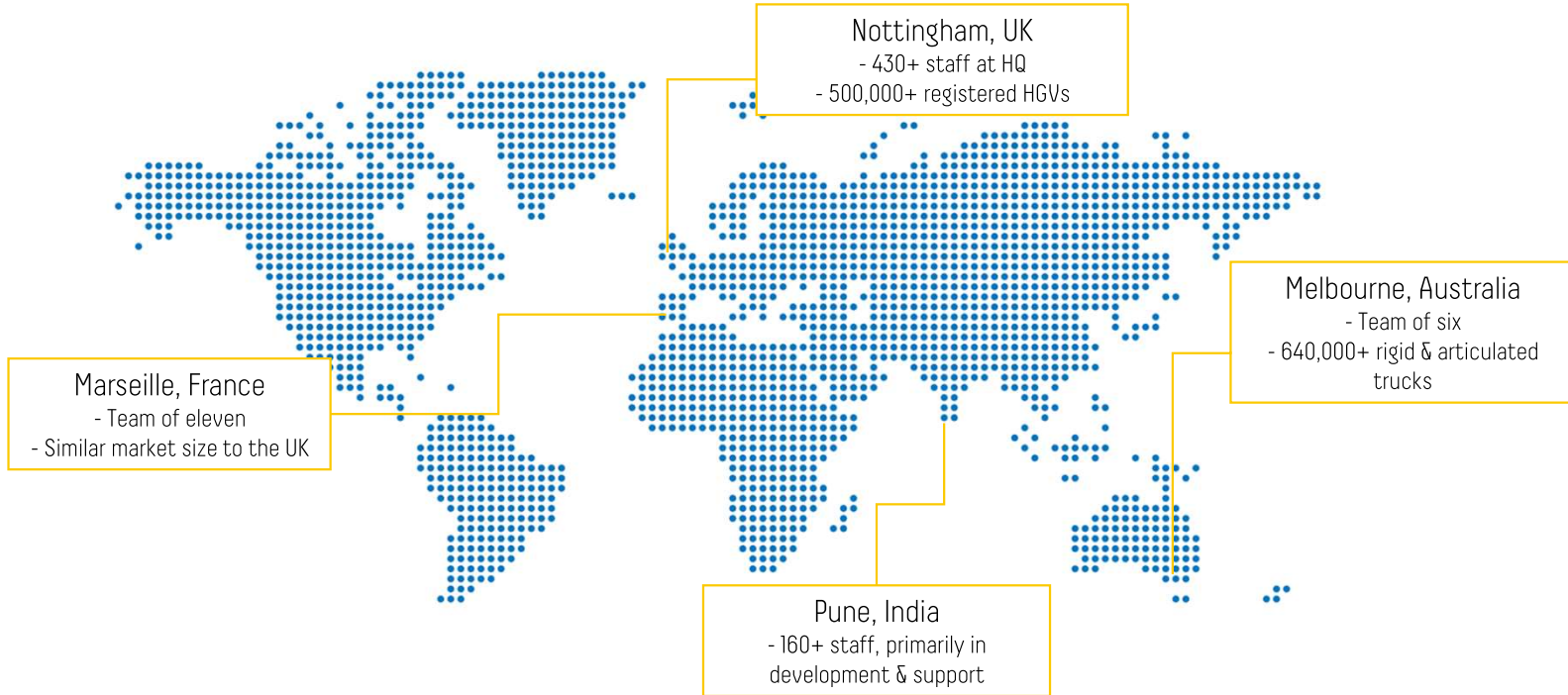


Elimination of  
Delivery Paperwork



Enhanced  
Customer  
Experience

# INTERNATIONAL MARKETS



# HIGHLIGHTS



65+

New Customers



>15

Major contract renewals  
including JCB



10%

Increase in  
connected SIMs



Launch Trailer  
Brake Performance  
Monitoring solution



Range of BLE Asset  
sensors launched



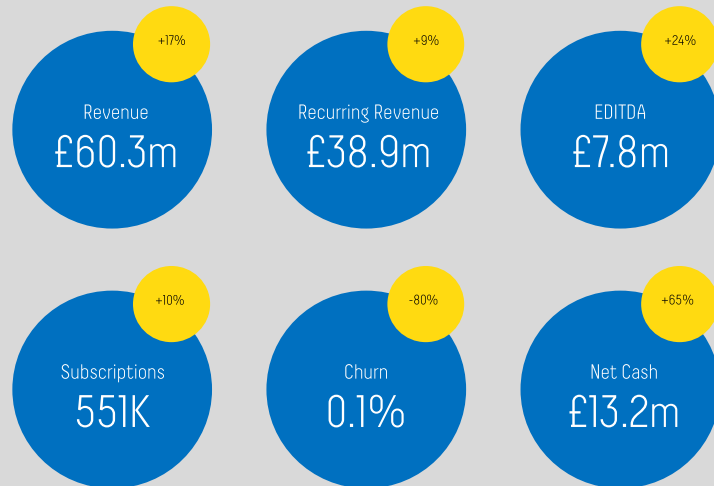
Numerous Security  
Enhancements



Successful completion of  
IPO, raising £18.6m to drive  
growth plans



Planning and optimization  
module launched



Note: figures and %'s are based on CY21 compared to CY20

# MARKET UPDATE



Driver shortage – slowly subsiding, but has caused major problems for some customers with rapid increase in driver wages.



Supply chain and chip shortages – Suppliers are indicating that we are at the worst point in Q2, with availability getting better in Q3 onwards and reaching normal pre-pandemic levels mid next year (2023) – See Industry Outlook 2022 Report from Global Semiconductor Alliance .



Strong Demand across all geographies as world comes out of COVID, and customers look for cost savings driven by increases in labour and materials. It's a supply problem, not a demand problem.

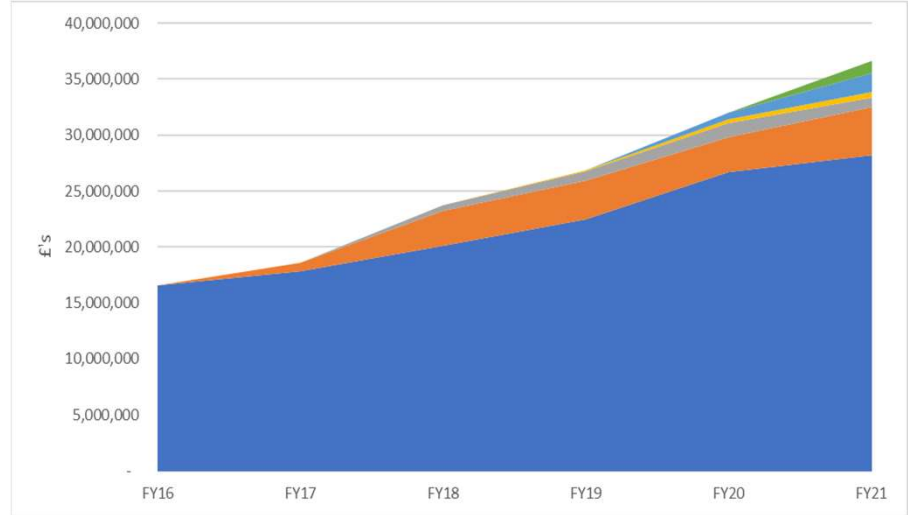


A wireframe illustration of a semi-truck, rendered in a glowing blue color, set against a dark blue background with perspective lines suggesting a digital or futuristic environment. The truck is shown from a side-front perspective, moving towards the right. A semi-transparent horizontal band is overlaid across the middle of the image, containing the text "FINANCIAL UPDATE".

# FINANCIAL UPDATE

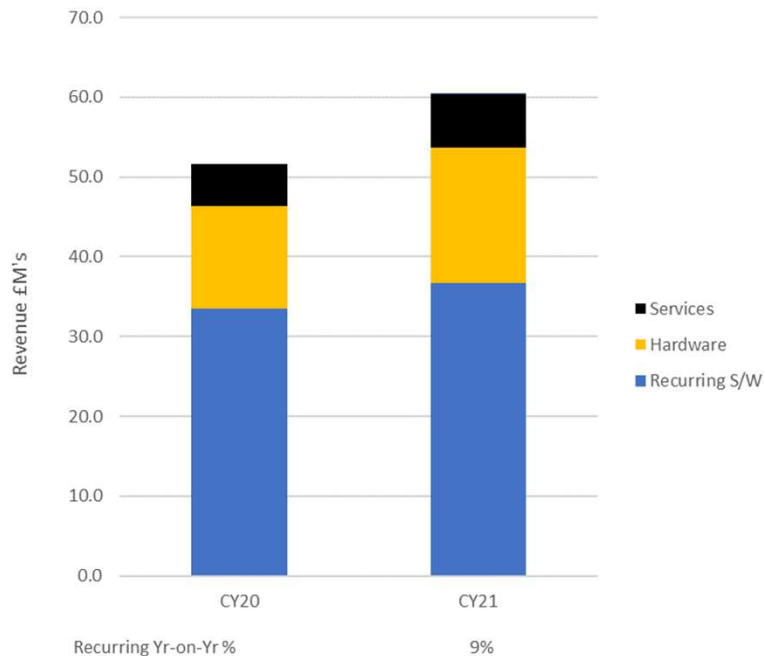
# RECURRING REVENUE COHORT GROWTH YEAR-ON-YEAR

- We grow existing customer revenue through upselling new modules
- In the period existing customers grew 64% to £52.6m and in CY21 11% to £35.6m
- Existing customers equated to 97% of total recurring revenues both in the period and CY21
- Existing customers from FY16 grew in the period 27% to £41.9m and in CY21 6% to £28.2m



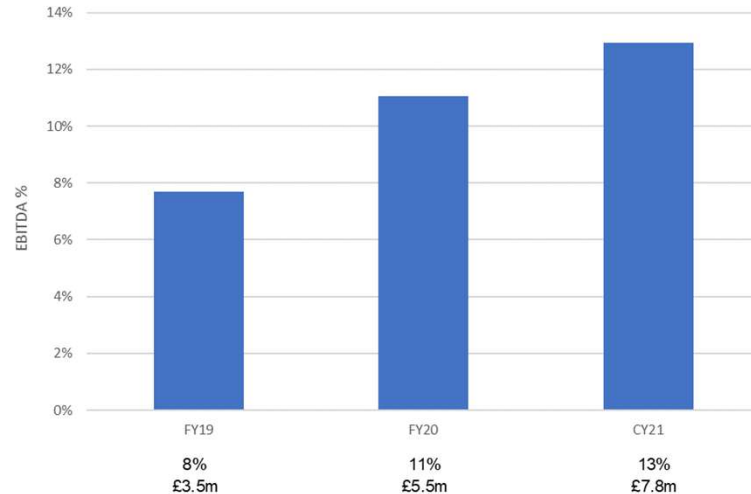
# FINANCIAL HIGHLIGHTS: REVENUE SPLIT

- ARR Grew by £3.2m to £38.9m (9%)
- Recurring Software revenue grew by £3.1m to £36.7m (9%)
- Hardware revenue grew by £4.2m to £17.0m (33%)
- Services revenue grew by £1.3m to £6.7m (25%)



# FINANCIAL HIGHLIGHTS: EBITDA %

- Growth in EBITDA from multiple margin enhancement projects.
- Projects are continuing to enhance margins further
- Improvements made even with backdrop of premium prices on hardware due to chip supply shortages



# FINANCIAL HIGHLIGHTS: PROFIT & LOSS

- Revenue was £88.2m in the period (CY21: £60.3m & CY20: £51.6m)
- Adjusted EBITDA was £11.3m in the period (CY21: £7.8m & CY20: £6.3m)
- IPO costs were £3.4m, providing an adjusted PBT of £3.4m in the period (CY21: £2.6m & CY20: £1.3m)
- Tax provision includes £1.9m of deferred tax (mainly due to future tax rate change from 19% to 25%). This is one-off, and non-cash

|                          |               |                   |
|--------------------------|---------------|-------------------|
| Revenue                  | Non Recurring | Hardware Services |
|                          |               |                   |
|                          | Recurring     |                   |
| Gross Margin             | Non Recurring | Hardware Services |
|                          |               |                   |
|                          | Recurring     |                   |
| Other operating income   |               |                   |
| Administrative expenses  |               |                   |
| <b>Adjusted EBITDA</b>   |               |                   |
| Depreciation             |               |                   |
| Amortisation             |               |                   |
| <b>Adjusted EBIT</b>     |               |                   |
| Exceptionals             |               |                   |
| Interest                 |               |                   |
| <b>Adjusted PBT</b>      |               |                   |
| IPO Costs                |               |                   |
| Tax Provision            |               |                   |
| <b>Retained Earnings</b> |               |                   |

| Statutory Results (Audited)              |  | Calendar Year Results (Unaudited) |                                  |              |
|--|--|-----------------------------------|----------------------------------|--------------|
| FY21<br>18-months<br>to Dec-21<br>£000's | FY20<br>12 months to<br>Jun-20<br>£000's | 12 months to<br>Dec-21<br>£000's  | 12 months to<br>Dec-20<br>£000's | Change<br>%  |
| 24,663                                   | 12,568                                   | 16,992                            | 12,753                           | 33%          |
| 9,535                                    | 5,435                                    | 6,656                             | 5,327                            | 25%          |
| 34,198                                   | 18,003                                   | 23,648                            | 18,080                           | 31%          |
| 53,970                                   | 31,996                                   | 36,672                            | 33,534                           | 9%           |
| <b>88,168</b>                            | <b>49,999</b>                            | <b>60,320</b>                     | <b>51,614</b>                    | <b>17%</b>   |
| 4,731                                    | 1,505                                    | 3,438                             | 2,013                            | 71%          |
| 5,249                                    | 3,702                                    | 3,694                             | 2,333                            | 58%          |
| 9,980                                    | 5,207                                    | 7,132                             | 4,346                            | 64%          |
| 40,497                                   | 23,234                                   | 27,326                            | 25,797                           | 6%           |
| <b>50,477</b>                            | <b>28,440</b>                            | <b>34,458</b>                     | <b>30,143</b>                    | <b>14%</b>   |
| 1,143                                    | 537                                      | 780                               | 900                              | (13)%        |
| (40,357)                                 | (23,306)                                 | (27,439)                          | (24,731)                         | 11%          |
| <b>11,263</b>                            | <b>5,671</b>                             | <b>7,799</b>                      | <b>6,312</b>                     | <b>24%</b>   |
| (3,085)                                  | (2,176)                                  | (2,060)                           | (2,129)                          | (3)%         |
| (3,803)                                  | (2,151)                                  | (2,616)                           | (2,338)                          | 12%          |
| <b>4,375</b>                             | <b>1,344</b>                             | <b>3,123</b>                      | <b>1,845</b>                     | <b>69%</b>   |
| (132)                                    | (192)                                    | (4)                               | (146)                            | (97)%        |
| (833)                                    | (423)                                    | (478)                             | (405)                            | 18%          |
| <b>3,410</b>                             | <b>729</b>                               | <b>2,641</b>                      | <b>1,294</b>                     | <b>104%</b>  |
| (3,415)                                  | 0  |                                   |                                  |              |
| (2,213)                                  | 719                                      | (1,911)                           | (98)                             | 1,850%       |
| <b>1,197</b>                             | <b>1,448</b>                             | <b>730</b>                        | <b>1,196</b>                     | <b>(39)%</b> |

# FINANCIAL HIGHLIGHTS: BALANCE SHEET

- Trade & other payables both current and non-current is mainly deferred income and is therefore non-cash
- Merger reserve balance of £55.2m has been moved into retained earnings and is now distributable

|              |                             |                               | Statutory Results<br>(Audited)           |  | Calendar Year Results (Unaudited) |                                  |                 |
|--------------|-----------------------------|-------------------------------|--|--|-----------------------------------|----------------------------------|-----------------|
|              |                             |                               | FY21<br>18-months<br>to Dec-21<br>£000's | FY20<br>12 months to<br>Jun-20<br>£000's | 12 months to<br>Dec-21<br>£000's  | 12 months to<br>Dec-20<br>£000's | Change<br><br>% |
| Assets       | Non-current Assets          | Property, plant and equipment | 8,573                                    | 8,636                                    | 8,573                             | 8,188                            | 5%              |
|              |                             | Intangible Assets             | 75,987                                   | 77,133                                   | 75,987                            | 76,665                           | (1)%            |
|              |                             | Investments in associate      | 1,846                                    | 1,978                                    | 1,846                             | 1,850                            | (0)%            |
|              |                             | Deferred assets               | 0  | 1,307                                    | 0                                 | 822                              | (100)%          |
|              |                             | Trade & other receivables     | 2,710                                    | 3,465                                    | 2,710                             | 4,355                            | (38)%           |
|              |                             |                               | 89,116                                   | 92,519                                   | 89,116                            | 91,880                           | (3)%            |
|              | Current Assets              | Inventories                   | 2,941                                    | 3,604                                    | 2,941                             | 3,659                            | (20)%           |
|              |                             | Trade & other receivables     | 15,143                                   | 15,126                                   | 15,143                            | 14,946                           | 1%              |
|              |                             | Corporation tax recoverable   | 932                                      | 988                                      | 932                               | 1,278                            | (27)%           |
|              |                             | Cash & cash equivalents       | 13,210                                   | 10,061                                   | 13,210                            | 10,464                           | 26%             |
|              |                             | 32,226                        | 29,779                                   | 32,226                                   | 30,347                            | 6%                               |                 |
| Total Assets |                             | 121,342                       | 122,298                                  | 121,342                                  | 122,227                           | (1)%                             |                 |
| Liabilities  | Current Liabilities         | Financial Liabilities         | (717)                                    | (3,232)                                  | (717)                             | (3,192)                          | (78)%           |
|              |                             | Trade & other payables        | (25,780)                                 | (25,393)                                 | (25,780)                          | (26,068)                         | (1)%            |
|              |                             | Corporation tax payable       | 0  | 0  | 0                                 | 0                                | 0%              |
|              |                             |                               | (26,497)                                 | (28,625)                                 | (26,497)                          | (29,260)                         | (9)%            |
|              | Non-current Liabilities     | Financial Liabilities         | (994)                                    | (15,711)                                 | (994)                             | (14,274)                         | (93)%           |
|              |                             | Trade & other payables        | (17,312)                                 | (17,779)                                 | (17,312)                          | (18,221)                         | (5)%            |
|              |                             | Deferred tax                  | (4,991)                                  | (4,119)                                  | (4,991)                           | (3,936)                          | 27%             |
|              |                             |                               | (23,297)                                 | (37,609)                                 | (23,297)                          | (36,431)                         | (36)%           |
|              |                             |                               |  |  |                                   |                                  |                 |
|              | Total Liabilities           |                               | (49,794)                                 | (66,234)                                 | (49,794)                          | (65,691)                         | (24)%           |
| Net Assets   |                             | 71,548                        | 56,064                                   | 71,548                                   | 56,536                            | 27%                              |                 |
| Equity       | Issued share capital        |                               | 116                                      | 44                                       | 116                               | 44                               | 164%            |
|              | Share Based Payment Reserve |                               | 17,630                                   | 0  | 17,630                            | 0                                | 100%            |
|              | Merger Reserve              |                               | 0  | 55,172                                   | 0                                 | 55,172                           | (100)%          |
|              | Retained earnings           |                               | 53,802                                   | 848                                      | 53,802                            | 1,320                            | 3,976%          |
|              | Total Equity                |                               | 71,548                                   | 56,064                                   | 71,548                            | 56,536                           | 27%             |

# FINANCIAL HIGHLIGHTS: CASHFLOW

- In addition to £13.2m cash balance, we have £20m committed RCF, providing £33.2m of cash availability
- IPO Costs were £3.4m
- The reduction in net cash generated from operations from £10.7m to £9.8m (CY20: £12.1m to £6.3m) is mainly due to the IPO costs and one off deferred taxation provision

| Statutory Results<br>(Audited)                                |  | Calendar Year Results (Unaudited) |                                  |                      |
|---|--|-----------------------------------|----------------------------------|----------------------|
| FY21<br>18-months<br>to Dec-21<br>£000's                      | FY20<br>12 months to<br>Jun-20<br>£000's | 12 months to<br>Dec-21<br>£000's  | 12 months to<br>Dec-20<br>£000's | Change<br>%          |
| <b>Cash flows from operating activities</b>                   |  |                                   |                                  |                      |
| Cash generated from operations                                | 9,132                                    | 8,913                             | 5,638                            | 10,301               |
| Tax (paid) / received   | 660                                      | 1,820                             | 660                              | 1,823                |
| <b>Net cash generated from (used in) operating activities</b> | <b>9,792</b>                             | <b>10,733</b>                     | <b>6,298</b>                     | <b>12,124 (48)%</b>  |
| <b>Cash flows from investing activities</b>                   |  |                                   |                                  |                      |
| Purchase of property, plant & equipment                       | (1,499)                                  | (1,235)                           | (1,067)                          | (943)                |
| Additions to tangible assets                                  | (2,166)                                  | (778)                             | (1,446)                          | (1,376)              |
| Purchase of subsidiaries, net of cash acquired                | (1,000)                                  | (3,087)                           | (1,000)                          | (3,087)              |
| Interest received   | 0  | 108                               | 0                                | 108                  |
| <b>Net cash used in investing activities</b>                  | <b>(4,665)</b>                           | <b>(4,992)</b>                    | <b>(3,513)</b>                   | <b>(5,298) (34)%</b> |
| <b>Cash flows from financing activities</b>                   |  |                                   |                                  |                      |
| Issue of Share Capital  | 18,600                                   | 0                                 | 18,600                           | 0                    |
| Share issue expenses paid                                     | (956)                                    | 0                                 | (956)                            | 0                    |
| Interest paid   | (676)                                    | (650)                             | (379)                            | (591)                |
| Lease payments  | (1,219)                                  | (803)                             | (806)                            | (828)                |
| Receipt of bank loans   | 0  | 2,500                             | 0                                | 2,500                |
| Repayment of bank loans                                       | (16,975)                                 | (1,219)                           | (16,100)                         | (837)                |
| Repayment of other loans                                      | (729)                                    | (802)                             | (375)                            | (755)                |
| <b>Net cash generated from (used in) financing activities</b> | <b>(1,955)</b>                           | <b>(974)</b>                      | <b>(16)</b>                      | <b>(511) (97)%</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>3,172</b>                             | <b>4,767</b>                      | <b>2,769</b>                     | <b>6,315</b>         |
| Cash and cash equivalents at the beginning of the year        | 10,061                                   | 5,287                             | 10,464                           | 4,142                |
| Exchange movements  | (23)                                     | 7                                 | (23)                             | 7                    |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>13,210</b>                            | <b>10,061</b>                     | <b>13,210</b>                    | <b>10,464 26%</b>    |

A wireframe illustration of a semi-truck, rendered in a glowing blue color, set against a dark blue background with perspective lines and a grid floor, suggesting a digital or futuristic environment. The truck is shown from a side-rear perspective, moving towards the right. A semi-transparent horizontal band is overlaid across the middle of the image, containing the title text.

# MARKET POSITIONING AND STRATEGY



# MICROLISE MARKET POSITION



We remain confident in our end-to-end offering and the significant benefits we can deliver to our customers

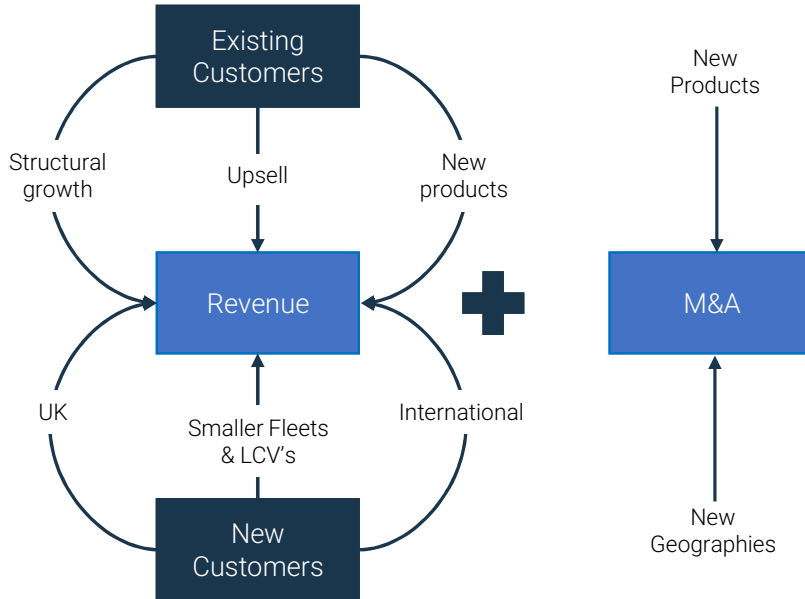


We have not seen any changes or consolidation that impacts our unique place in the competitive landscape. We believe we have the broadest product portfolio in the market.



In-house development on a range of new products and enhancements to existing products. Launching at our annual conference in May.

# CLEAR GROWTH STRATEGY



## Structural Growth:

- Driven by ecommerce evolution and pressure from increasing environmental regulation

## Upsell:

- Significant market share of large HGV fleets
- Majority of existing customers do not have full portfolio

## New Products:

- Asset management solution launched with successful first pilot.
- Advanced pipeline of other product developments – launching at Microlise Transport Conference in May

## International:

- New wins in France and Australia and renewals with existing customers.

## Smaller Fleets & LCV:

- 'Focus' product to capture opportunity in smaller fleets & LCVs, with additional sales capacity to target this market segment

## M&A:

- Incremental technology additions e.g. TruTac
- Acceleration of international growth through customer acquisition
- Ideal targets could deliver both



MICROLISE TRANSPORT CONFERENCE

# ONE OF EUROPE'S LARGEST ROAD TRANSPORT CONFERENCES – MAY 18<sup>th</sup>

Two-day event for those involved in  
the operation of a road transport  
fleet

<https://www.microliseconference.com>

50+  
exhibitors

40+  
speakers

1200+  
attendees



# OUTLOOK

- The Group will continue to face headwinds through 2022 resulting from recruitment challenges, the global microchip shortage and inflation.
- Despite these issues, the Board is confident of meeting market expectations for the year to December 2022.
- Demand remains strong across all regions.
- Longer term, the Group is confident in terms of it's prospects as fleet operators face pressure to become ever more efficient, and meet new environmental and legislation challenges.



NADEEM RAZA  
Chief Executive Officer

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