Investor & Analyst Presentation

Annual Report FY2023

Nadeem Raza

Chief Executive Officer

Nick Wightman

Chief Financial Officer

Microlise

The Presentation Team

NADEEM RAZA
Chief Executive Officer

Joined Microlise in 1987. Led a management buyout of the Group in 2008, when he became CEO. He is a board member of Trakm8 Holdings plc and is a Deputy Lieutenant for Nottinghamshire. Nadeem was named in the FT Top 100 BAME leaders in 2018.

NICK WIGHTMAN
Chief Financial Officer

Nick joined Microlise in 2012 and played a key role in the Group's refinancing and re-organisation in 2018, its acquisition of TruTac in 2020, the IPO in 2021, acquisition of Vita Software in 2023, and in establishing the Group's offices in India, France and Australia. Nick is a Chartered Management Accountant.

A Leading Provider Of Transport Management Solutions To Enterprise Customers

- Solving complex needs with proprietary software and hardware solutions
- Automating critical processes and providing real time data
- Customers benefit from cost savings, emissions reductions and other efficiencies
- High barriers to entry, sticky customer base and high revenue visibility
- Clear Growth Strategy, upsell existing UK customers, new UK and international markets, margin enhancement and M&A

Microlise in Numbers

1982
Established in UK

640K+
Active Subscriptions

715+
Staff

<1%
Very low customer churn rate

400+
Enterprise Customers

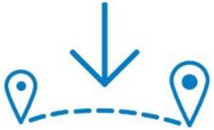
£72M
FY 2023 Revenue (£47.7m ARR)

197
Countries with deployments

3
Queen's Awards for Enterprise

Helping Customers Meet Their Commitments

Improving KPI's Including Environmental Emissions, Operating Efficiency And Safety Standards



Reduce Mileage Travelled

Improve Driver Performance

Reduce Fuel Use

Reduce Emissions

Reduce Vehicle Wear & Tear

Reduce Accidents

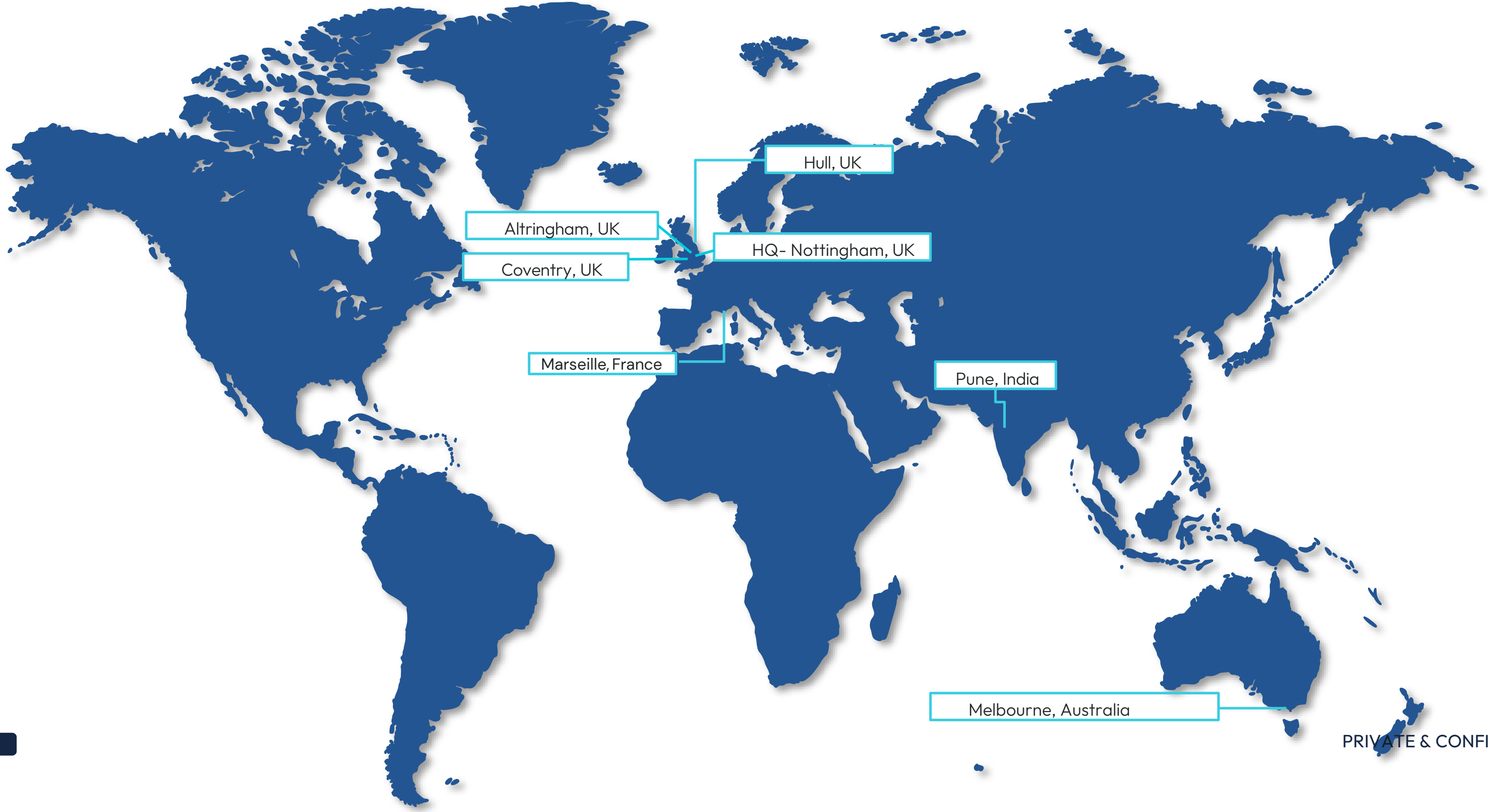
Reduce Insurance Premiums

Improve Fleet Efficiency & Utilisation

Eliminate Delivery Paperwork

Enhance Customer Experience

Our Locations



Highlights

(FY 2023 vs FY 2022)

Revenue	£71.7m	+13%
Recurring Revenue	£45m	+11%
Adjusted EBITDA	£9.4m	+15%
ARR	£47.7m	+12%
Subscriptions	640K	+6.8%
Churn	0.7%	-75%
Cash & Cash Equivalents	£16.8m	+0.5%
Maiden Dividend	1.725p per share	

A Proprietary Modular Platform

Enabling Global Enterprises To Run Highly Complex Logistics Supply Chains

Transport Management System

- Building, costing and invoicing of orders
- Collection management
- Surcharge management
- Sub-contractor management

Driver Connected Mobility

- Range of hardware options for drivers
- Facilitates driver management and communications
- Staged & supported by Microlise

Fleet Performance

- Vehicle Tracking & Utilisation
- Driver Performance
- Performance KPIs, dashboards & reports

Planning & Optimisation

- Reduces planning time
- Allows operators to do more with less
- Reduces fleet mileage travelled
- Produce highly accurate plans

Journey Management

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

Fleet Compliance

- Suite of compliance software solutions
- DVSA Earned Recognition Approved
- Covering fleet maintenance, tachograph compliance, drivers hours & more

Fleet Safety

- Safety module with Incident Data Recorder, cameras & Contextual Speeding
- Bridge strike avoidance app, panic alarms & door sensors
- Monitor performance of trailer brakes

ESS Solution Areas

Manual, EDI, Call-Over,
Repeat Schedules, XLS Import

Complex & simple rating methods;
unit, volume, and location

Multi-depot, multi-drop, groupage,
splitting, trunking, & tramping

Own, sub-contractor, driver,
tractor, trailer, courier, multi-modal

Returns, re-deliveries, non-conformance,
POD control, & tracking integration

Comprehensive rating matrices;
time, distance, & volume metrics

Microlise

Flare for micro-mobility and last mile Enterprises

Since launching commercially in 2021, closed 3 of the top 5 biggest global mobility brands and 2 of the largest food delivery brands.

Flare business model

Contributors

Build network with positive unit economics

Consumers

Unlock network value

FLARE (Per Rider)

- Flat monthly per rider fee for delivery companies
- Delivered via SDK and/or API
- Lone worker safety, and accident detection

FLARE (Per Journey)

- Flat per journey fee for shared mobility operators
- Delivered via SDK and/or API
- Rider risk scoring, and FNOL for insurance cost reduction

flare

Serious Incident Detection Engine
(SIDE Machine Learning)

FLARE (Per DRIVER)

- Helping drivers avoid incidents with vulnerable users
- Hazard warnings

FLARE (FUTURE)

✓ *Mapping providers*
✓ *Manufacturers /OEMs*
✓ *Insurers*

Highlights

Acquisition of
Vita Software, K-Safe and
ESS

4 TMS Contracts
Into Existing Customers

Growth ANZ
Food Retailers - Woolworths

Great Place to Work
2023 Success

40 Major Multi-Year Renewals:
Bidfood, Pall-ex, Tesco,
Sainsbury's and Cemex

UKI New Business Growth
with 450 new customers

Product Investments

Security

Integrating newly acquired products – Microlise Complete

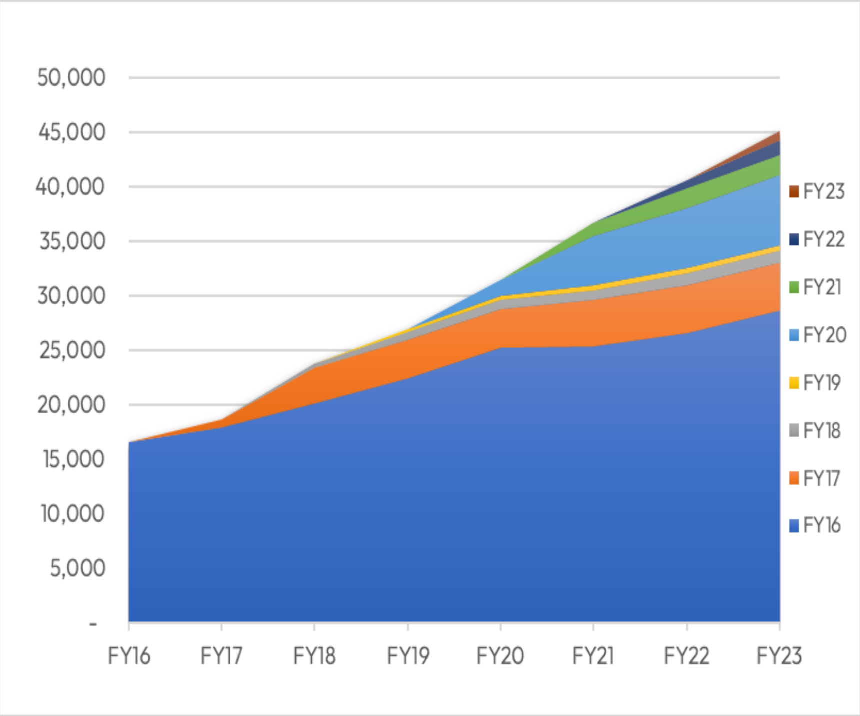
Innovation

3rd Party Hardware Support

Financial Review

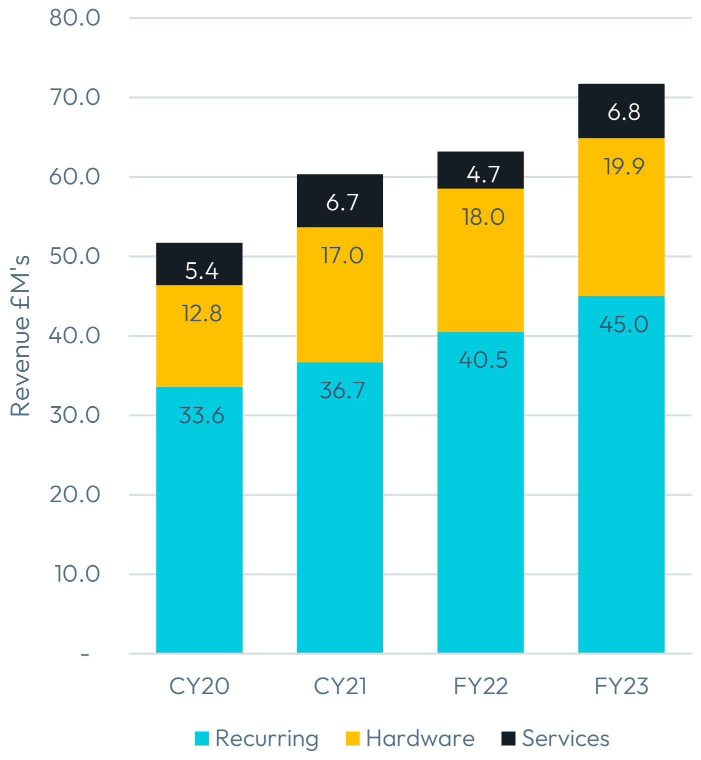
Recurring Revenue Cohort – Year on year Growth

- We grow existing customer revenue by cross selling and upselling products making us more sticky and difficult to replace
- Existing customers equated to 98% of total recurring revenues in FY23
- Existing customers grew 9% to £44.3m in FY23
- Existing customers from FY16 grew in the period 8% to £28.6m



Revenue Split

- Total revenue has increased 13.5% to £71.7m from £63.2m in FY2023
- Recurring revenue increased 11.1% to £45m from £40.5m in FY2023 as a result in strong growth in revenues from both direct and OEM customers, ahead of market expectations
- Annual Recurring Revenue (ARR) has increased 12% to £47.7m
- Hardware revenue increased 10.3% to £19.9m from £18.0m in FY2023 as a result of strong demand from OEM customers and delivery against our orderbook in H2
- Services revenue also increased 46% to £6.8m in FY23 from £4.7m as a result of increase in hardware and installation sales in H2 as we delivered against our order book



Profit & Loss

			FY 2023	FY2022	% Change
Revenue	Non Recurring	Hardware	19,874	18,025	10.3%
		Services	6,821	4,671	46.0%
			26,695	22,696	17.6%
	Recurring		45,021	40,515	11.1%
			71,716	**63,211**	**13.5%**
Gross Margin	Non Recurring	Hardware	4,048	3,594	12.6%
		Services	4,070	2,825	44.1%
			8,118	**6,419**	**26.5%**
	Recurring		35,466	31,215	13.6%
			43,584	**37,634**	**15.8%**
			61%	60%	
Other operating income			973	876	11.1%
Operating expenses			(35,120)	(30,315)	15.9%
Adjusted EBITDA (1)			**9,437**	**8,195**	**15.2%**
			13.2%	13.0%	
Exceptional items			(374)	(202)	85.1%
Share based payments			(731)	(561)	30.3%
Depreciation & Amortisation			(6,077)	(5,248)	15.8%
EBIT			**2,255**	**2,184**	**3.3%**
Share of profit/(loss) of associate net of tax			225	(478)	(147.1)%
Interest			27	(267)	(110.1)%
PBT			**2,507**	**1,439**	**74.2%**
Tax Provision			(931)	(86)	982.6%
Retained Earnings			**1,576**	**1,353**	**16.5%**
EPS			1.36	1.17	16.5%

- Revenue Growth of 13.5% year on year
- Gross Margin growth of 16% reflecting impact of growth in higher margin subscription business
- Continued strong demand from OEM coupled with increased activity in H2 with direct customers
- Increases in both non recurring and recurring margins of c.2% each.
- Overall improvement in gross margin from 60% to 61%
- Operating expenses increased 16% to £35m
- Employee costs grew 16% to £30m reflecting the continued investment in the global sales force, continued product development, costs associated with the employee engagement strategy and commissions due to contract wins
- Adjusted EBITDA grew to £9.4m an increase of 15% YoY reflecting the planned investment in the global workforce and employee engagement strategy
- Depreciation & amortisation charges increased due to increased investment in security related PPE and increased capitalised development costs
- Margin Enhancement programmes focussing on efficient and effective use of 3rd party software services. Sales of higher value software services (P&O & TMS) and lastly, integration to 3rd party hardware providers (Lytx)

(1) Adjusted EBITDA excludes exceptional costs in relation to acquisitions and restructuring, depreciation, amortisation, share of loss of associate, interest, tax and share based payments.

Cash Flow

- Working Capital movements were lower than expected due to £1.2m of debtor receipts being received post period end
- FY23 cash conversion rate reduced to 98% as a result of the late debtor receipts. (adjusted cash conversion 111%)
- Capex PPE reflects acceleration of investment in increased security measures
- Capex intangibles reflects continued investment in the innovation and development of the product range
- M&A - acquisition spend includes £1.8m cash consideration paid for Vita Software Ltd, £140k for K-Safe and the final £1m deferred consideration payment for TruTac Ltd
- Our facility with HSBC has been renewed with committed RCF of £10m and an accordion of £20m meaning total headroom of c.£40m including cash to support growth plans

Twelve months ended 31 December 2023	FY23 (£m)	FY22 (£m)	Change
Adjusted EBITDA	**9.4**	**8.2**	**15.2%**
Working capital and other items	(0.2)	1.7	(109.1)%
Adjusted Cash flow generated from operations	**9.3**	**9.9**	**(6.5)%**
Capex - property, plant and equipment (PPE)	(2.2)	(1.0)	124.2%
Capex - intangible assets	(2.5)	(2.1)	19.7%
Payments of principal on lease liabilities	(1.1)	(0.9)	15.4%
Loan advanced to associate	-	(1.0)	(100.0)%
Operating cash flows	**3.5**	**4.9**	**(28.4)%**
Interest paid	(0.3)	(0.3)	-
Interest received	0.4	0.0	700%
Free cash flow before tax	**3.6**	**4.7**	**(23.2)%**
Tax	(0.1)	(0.0)	323.5%
Free cash flow	**3.5**	**4.7**	**(25.7)%**
M&A - acquisition spend	(3.0)	(1.0)	196.6%
Loan advanced to associate			-
Dividends paid			-
Shares issued for cash			-
Underlying increase / (decrease) in net cash / (debt)	**0.5**	**3.7**	**(86.2)%**
FX and other items	(0.0)	-	-
Increase in net cash / (debt)	0.5	3.7	(86.6)%
Opening net cash / (debt)	16.7	13.2	26.3%
Closing net cash / (debt)	**16.8**	**16.7**	**0.5%**
Cash Conversion Rate	98%	121%	

MARKET POSITIONING & STRATEGY

OUR CUSTOMER'S MARKET

COSTS, COMPLEXITY AND COMPETITION CONTINUE TO RISE

Increasing pressure to deliver high customer service for less and using less. Particular sectors such as parcels and post under higher pressures

INCREASING NET ZERO PRESSURES

Customers actively responding to increasing pressure on reducing environmental impact of operations and accurately reporting progress with Scope 3

HEALTH & SAFETY + COMPLIANCE

New Direct Vision 2024 standard, changes for identifying Vulnerable Road Users, and demand for driver fatigue management

ZERO EMISSION VEHICLE UNCERTAINTY

Customers are uncertain which technology to back; Electric, Hydrogen, or continue with Diesel and Gas with Synthetic e-fuels

<u>Microlise's solutions support customers to manage all of these problems</u>

Operational Environment

- Component shortages and supply chain issues diminished as projected by end of 2023
- New vehicle availability back to normal lead times
- Some inflationary pressures coming from suppliers but largely nets out through price increases passed through to customers
- We continue to see a strong demand for Microlise products, particularly with our recent acquisitions
- Great success with our AI cameras, and strong growth in ANZ

Execution on a Clear Growth Strategy

Structural Growth | Upsell | New Products | UK | Smaller Fleets & LCV's | International | New Geographies | New Products

Existing Customer Growth

- Continued growth in OEM and resellers in Middle East and Africa
- Growth in OEM sales through additional models (JCB – 35+ new vehicle models in 2024 for launch in 2025)
- Sell new products into existing customers (New TMS cross sold into 4 existing contracts)
- If all our products sold to all our existing customers, it would increase Recurring revenue by £300m
- Renew contracts with incremental revenue through additional products and services

New Customer Growth

- New wins include Europa, McCulla, LF&E, Creed Foodservices, HSS Hire, PD Ports, STL and BCA
- International growth with wins such as Woolworths and Metcash (ANZ)
- Growth in medium sized fleet segment with 450 new customer wins

Woolworths

BCA

Metcash

\+

M & A Growth

- 2020 – TruTac acquired
- 2023 – Vita Software acquired
- 2023 – K-Safe acquired
- 2024 – ESS acquisition completed

ENTERPRISE SOFTWARE

flare

vitasoftware

Investment Case

Typical 5+ year contracts give long term visibility of contracted revenue

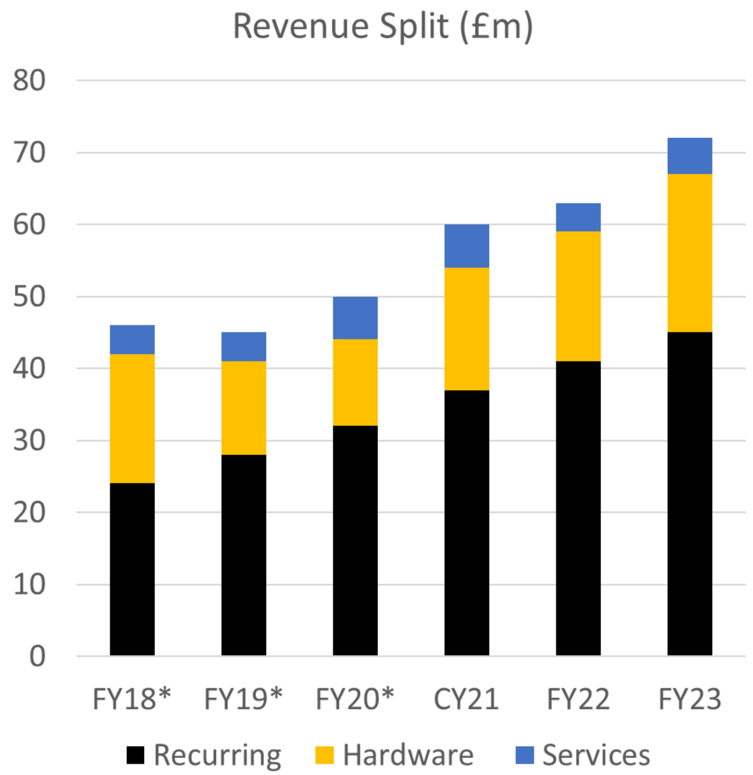
Low customer churn rate

Selling multiple products into customers makes us more sticky and difficult to substitute

Margin enhancement with new products and improvements in supply chain and direct customer sales

Significant market opportunities with international growth and selling new products to existing customer base

Track record of consistently growing recurring revenues



*FY18, *FY19, *FY20 statutory account years ending in June, CY21 calendar year January to December 2021, FY22 & FY23 statutory account year ending in December.

OUTLOOK

Outlook

- A strong performance in 2023
- Supply chain issues experienced in prior years are now firmly behind us and lead times on new vehicles are no longer extended
- Sales to OEM customers continue to break records
- Microlise added 450 new customers during the year, an 80% increase over the 250 customers signed in 2022.
- Significant H2 2023 contracts to be rolled out in 2024.
- Acquired three companies in 2023 to expand into the Transport Management Solutions (TMS) space, and last mile delivery space.
- The TMS acquisitions have both been immediately earnings enhancing, with the Vita TMS already resulting in the successful sale to a new customer, Crowfoots.
- We are looking forward to an exciting 2024 and are confident of meeting our market expectations.

Nadeem Raza,
Chief Executive Officer

APPENDIX

Balance Sheet

			FY 2023	FY2022	% Change
Assets	Non-current Assets	Property, plant and equipment	8,947	8,292	8%
		Intangible Assets	76,228	75,031	2%
		Investments in associate	1,593	1,368	16%
		Loan to Associate	0	1,000	0%
		Trade & other receivables	2,841	3,078	(8)%
			89,609	88,769	1%
	Current Assets	Inventories	3,348	2,635	27%
		Loan to Associate	1,000	0	0%
		Trade & other receivables	18,757	16,760	12%
		Corporation tax recoverable	1,665	1,289	29%
		Cash & cash equivalents	16,800	16,683	1%
			41,570	37,367	11%
	Total Assets		**131,179**	**126,136**	4%
Liabilities	Current Liabilities	Financial Liabilities / Borrowing	(907)	(821)	10%
		Trade & other payables	(32,630)	(29,183)	12%
		Corporation tax payable			0%
			(33,537)	(30,004)	12%
	Non-current Liabilites	Financial Liabilities / Borrowing	(646)	(926)	(30)%
		Trade & other payables	(15,701)	(16,898)	(7)%
		Deferred tax	(5,622)	(4,840)	16%
			(21,969)	(22,664)	(3)%
	Total Liabilites		**(55,506)**	**(52,668)**	**5%**
	Net Assets		**75,673**	**73,468**	**3%**
Equity	Issued share capital		116	116	0%
	Share Based Payment Reserve & Other Reserves		17,630	17,630	100%
	Retained earnings		57,927	55,722	4%
	Total Equity		**75,673**	**73,468**	**3%**

ESG Commitments

EMPLOYEE EVENTS

Increased to 34 planned annual internal staff events

ISO 45001

Investing in H&S operations to obtain accreditation in 2024

GPTW

Great Place To Work Accreditation and Top 100 Rankings

SOLAR PANELS

502 panels installed at UK Headquarters

EV CAR SCHEME

EV Salary Sacrifice Scheme

STRONG CHARITY WORK

Increasing support for Transaid & numerous charities

DECARBONISE FLEET

Group Engineer Fleet Being Phased To EV

- Microlise is continuing to develop its ESG credentials with projects underway to offset the Group's carbon footprint
- Highlights include our installation of 502 solar panels at our Nottingham HQ which is estimated to reduce our carbon footprint by over 80 tonnes of CO_2 annually
- We also have plans to increase the number of charging points for staff, as the uptake of the EV Salary Scheme increases
- Microlise was awarded with the Great Place To Work accreditation, as well as being ranked:-
  - #82 Best Workplaces for Women™
  - #29 Best Workplaces for Wellbeing™
  - #43 Best Workplaces™
  - Top 100 Workplaces in Tech™ for Large & Super Large companies

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Microlise

www.microlise.com

Microlise Limited
Farrington Way
Eastwood
Nottinghamshire
NG16 3AG

Registered in England & Wales with Company No. 03037936

Microlise Group plc
Farrington Way Eastwood
Nottinghamshire
NG16 3AG

Registered in England & Wales with Company No. 11553192