Investor & Analyst Presentation

Interim Report H1 FY2024

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, better utilisation, 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

800K+
Active Subscriptions

790+
Staff

<1%
Very low customer churn rate

450+
Enterprise Customers

£72M
FY 2023 Revenue (£47.7m ARR)

197
Countries with deployments

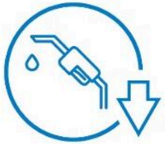
3
Queen's Awards for Enterprise

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

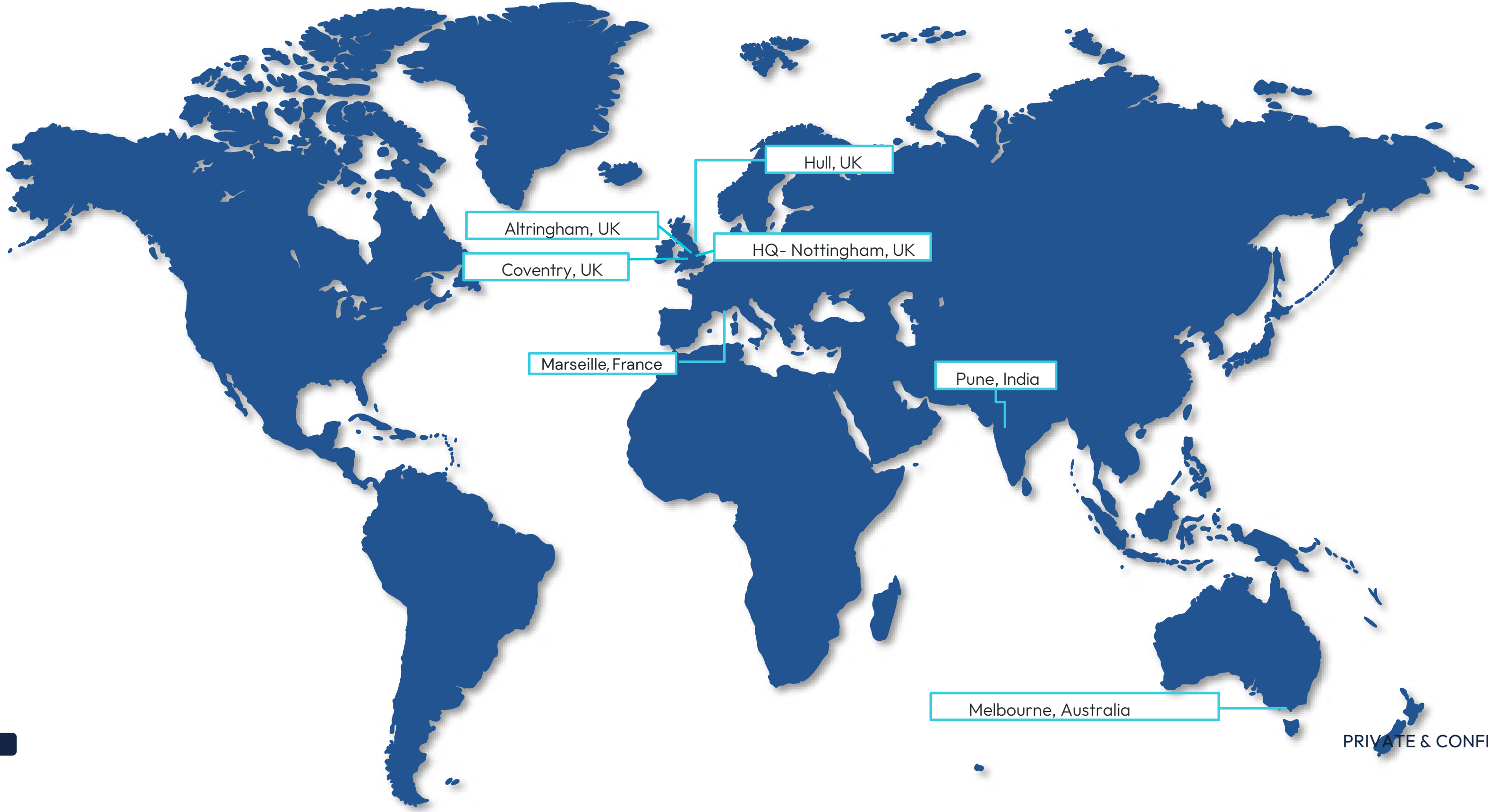
Reduce Insurance Premiums

Improve Fleet Efficiency & Utilisation

Eliminate Delivery Paperwork

Enhance Customer Experience

Our Locations



Highlights

(H1 2024 vs H1 2023)

+15.4%
Revenue
£39.1m

+21.5%
Recurring Revenue
£26.6m

+16.8%
Adjusted EBITDA
£5.2m

+21%
ARR
£54m

+32%
Subscriptions
827K+

0%
Churn
0.5%

+6.0%
Adjusted Cash Flow from Operations
£3.8m

Interim Dividend
£0.57p

Highlights

Completed ESS acquisition

Strong cross sell including new TMS solution into existing customer on 10-year contract

Growth in ANZ -WooliesX & FSSI, STAF in France

200 new customers added

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

JCB Contract Extension Launch of JCB Beacons, and over 60 new model implementations

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

Product Investments

Security & Growing Moat

Integrating newly acquired products – MicroliseOne

Innovation & cost reduction

3rd Party Camera Support and Refrigerated Goods hardware

Some of our customers...

OEM & Automotive

Haulage

Retail

Grocery

Food Manufacturing

Food Services

Pharmaceuticals

Post & Parcel

Construction

Defence & Services

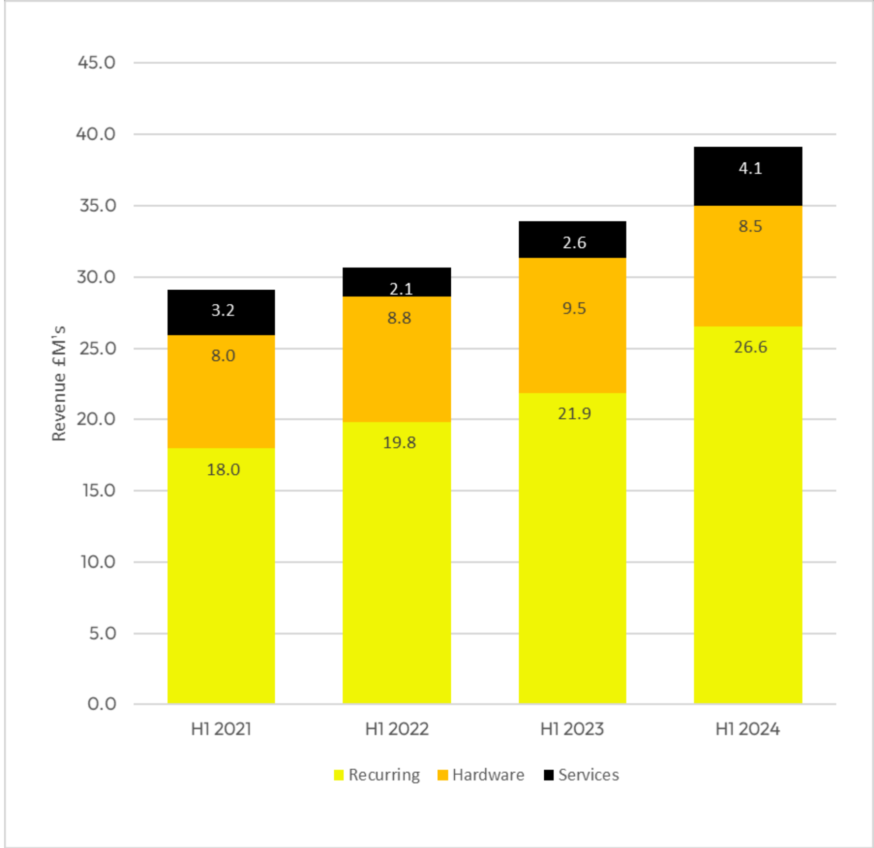
Petrochemical

Case Studies available here: https://www.microlise.com/case-studies/

Financial Review

Revenue Split

- Total revenue has increased **15.4%** to **£39.1m** from £33.9m in H12023, 7.8% organic
- Recurring revenue increased **21.5%** to **£26.6m** from £21.9m in H12023 as a result in strong growth in revenues from direct customers and recent acquisitions
- Annual Recurring Revenue (ARR) has increased **21%** to **£54m**
- Hardware revenue has decreased **10.7%** to **£8.5m** due to anticipated reduction in OEM shipments
- Services revenue increased **60%** to **£4.1m** in H12024 from £2.6m as a result of direct customer hardware, installation & professional services sales in the previous 12 months now positively impacting



Profit & Loss

			H1 2024	H1 2023	% Change
Revenue	Non Recurring	Hardware	8,454	9,465	(10.7)%
		Services	4,106	2,567	60.0%
			12,560	**12,032**	4.4%
	Recurring		26,558	21,854	21.5%
			39,118	**33,887**	**15.4%**
Gross Margin	Non Recurring	Hardware	1,848	2,077	(11.0)%
		Services	2,833	1,309	116.4%
			4,681	**3,386**	**38.2%**
	Recurring		20,935	17,127	22.2%
			25,616	**20,513**	**24.9%**
			65%	61%	
Other operating income			547	541	1.1%
Operating expenses			(20,934)	(16,579)	26.3%
Adjusted EBITDA (1)			**5,229**	**4,475**	**16.9%**
			13.4%	13.2%	
Exceptional items			(335)	0	-
Share based payments			(520)	(245)	112.5%
Depreciation & Amortisation			(3,861)	(2,904)	33.0%
EBIT			**512**	**1,326**	**(61.4)%**
Share of profit/(loss) of associate net of tax			(260)	204	(227.4)%
Interest			78	(9)	(962.1)%
PBT			**330**	**1,521**	**(78.3)%**
Tax Provision			(326)	(299)	9.0%
PAT			**4**	**1,222**	**(99.7)%**
EPS			0.00	1.05	(99.7)%
Adjusted EPS			2.18	2.02	7.7%

- Revenue Growth of **15.4%** year on year
- Gross Margin growth of **24.9%** reflecting impact of growth in higher margin subscription business and positive impact of acquisitions
- Increases in both non recurring and recurring margins.
- Overall improvement in gross margin from **61% to 65%**
- Operating expenses increased **26.3%** to £20.1m inc. the impact of ESS & Vita, **15.5%** organic. Key drivers are increased investment in marketing and cyber security
- Employee costs grew **24.1%** to **£17.5m** inc the impact of ESS & Vita, **12%** organic
- Adjusted EBITDA grew **16.9%** to **£5.2m,** margin increased to 13.4%, from 13.2%
- Depreciation & amortisation charges increased due to increased investment in security related PPE, increased capitalised development costs and increased amortisation as a result of business combinations
- Exceptional Items include costs relating to acquisitions, restructuring and integration.
- Share Based payments increase due to timing of awards due to close periods.

(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.

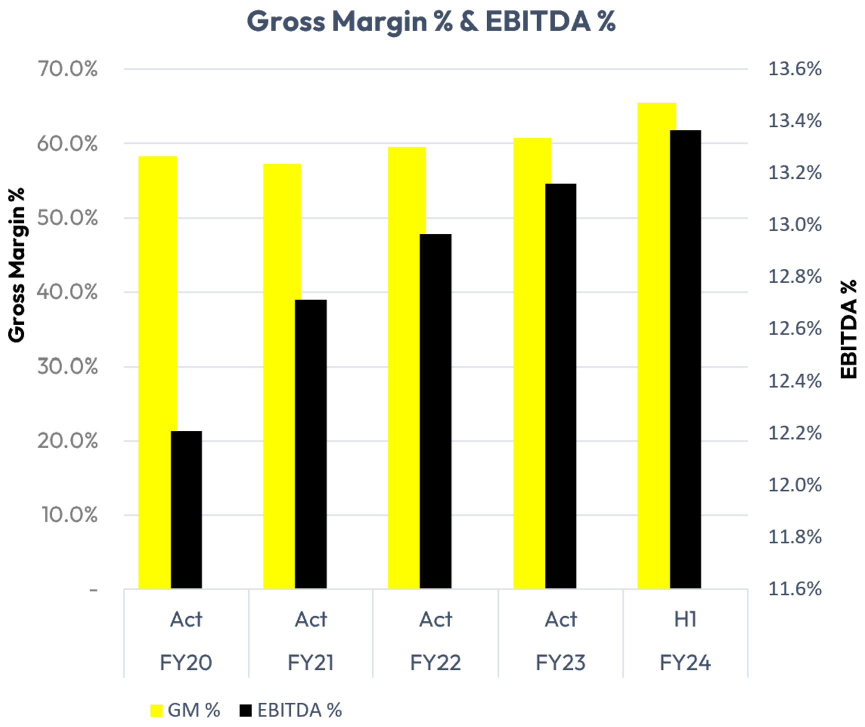
Cash Flow

- Working Capital movements were lower than expected due to a £0.5m increase in inventory levels due to localised project delays
- H1 2024 cash conversion rate reduced to 72% as a result
- Capex PPE reflects continued investment in IT infrastructure, increased quantity of solar panels and EV charging points at HQ
- Capex intangibles reflects continued investment in the innovation, development and unification of the product range, integration of acquisitions and security.
- M&A - acquisition spend includes £6.2m cash consideration paid for ESS, £0.2m deferred consideration payment for Vita
- 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

Six months ended 30 June 2024	**H124 (£m)**	**H123 (£m)**	**Change**
Adjusted EBITDA	**5.2**	**4.5**	**16.8%**
Working capital and other items	(1.4)	(0.9)	59.5%
Adjusted Cash flow generated from operations	**3.8**	**3.6**	**6.0%**
Capex - property, plant and equipment (PPE)	(0.8)	(1.5)	(45.5)%
Capex - intangible assets	(1.4)	(1.3)	13.3%
Payments of principal on lease liabilities	(0.6)	(0.5)	5.6%
Loan advanced to associate	-	-	-
Operating cash flows	**1.0**	**0.2**	**306.4%**
Interest paid	(0.1)	(0.2)	(5.2)%
Interest received	0.2	0.2	49%
Free cash flow before tax	**1.0**	**0.2**	**347.4%**
Tax	(0.1)	(0.0)	263.2%
Free cash flow	**0.9**	**0.2**	**364.1%**
M&A - acquisition spend	(6.4)	(2.8)	128.8%
Loan advanced to associate			-
Dividends paid	(2.0)	-	-
Shares issued for cash			-
Underlying increase / (decrease) in net cash / (debt)	**(7.5)**	**(2.6)**	**188.1%**
FX and other items	(0.3)	(0.0)	3,600.0%
Increase in net cash / (debt)	(7.9)	(2.6)	199.8%
Opening net cash / (debt)	16.8	16.7	0.7%
Closing net cash / (debt)	**8.9**	**14.1**	**(36.4)%**
Cash Conversion Rate	72%	80%	

Margin Enhancement Program

- Growth in direct sales vs OEM sales.
- New hardware products to reduce costs and increase margins.
- Focus and execution of cross sell and upsell strategy
- Support for 3rd Party hardware products increases margins and also reduces barriers to replace competitors.
- Sales of newly acquired software products (TMS) deliver higher margins.
- Cost reduction program for hosting environments.
- LEAN program internally to streamline processes from marketing through to support.



MARKET POSITIONING
& STRATEGY

OUR CUSTOMER'S MARKET

CONSOLIDATION CONTINUES AS PLAYERS TRY TO GAIN COST ADVANTAGE THROUGH SCALE

Increasing pressure to deliver high customer service for less and using less.
Many small players are going into administration due to losses over the past 4 years.

INCREASING NET ZERO PRESSURES

This is diminishing as customers are focused on profitability more than net zero currently

HEALTH & SAFETY + COMPLIANCE

New Direct Vision 2024 standard and other road safety standards are coming into legislation

ZERO EMISSION VEHICLE UNCERTAINTY

Slowing progress with EV implementations

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

Operational Environment

- New vehicle availability back to normal lead times, except Electric Vehicles, and Australian market.
- We continue to see a strong demand for Microlise products, particularly with our recent acquisitions, with good execution of cross sell and up sell into customer base.
- Great success with our AI cameras, and strong growth in ANZ

Execution on a Clear Growth Strategy

Structural Growth | Upsell | New Products

Existing Customer Growth

- Continued growth in OEM and extension of JCB contract to 2029
- Growth in OEM sales through additional models (JCB – 60+ new vehicle models in 2024 for launch in 2025)
- Sell new products into existing customers (New TMS cross sold into several existing contracts and new 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

UK | Smaller Fleets & LCV's | International

New Customer Growth

- New wins include Romac and OneStop
- International growth with wins such as FoodStuffs South Island in New Zealand and STAF in France
- Growth in medium sized fleet segment with 202 new customer wins

STAF FOODSTUFFS South Island Goldstar Heathrow ROMAC LOGISTICS one|stop

+

New Geographies | New Products

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 5-10 year contracts give long term visibility of contracted revenue

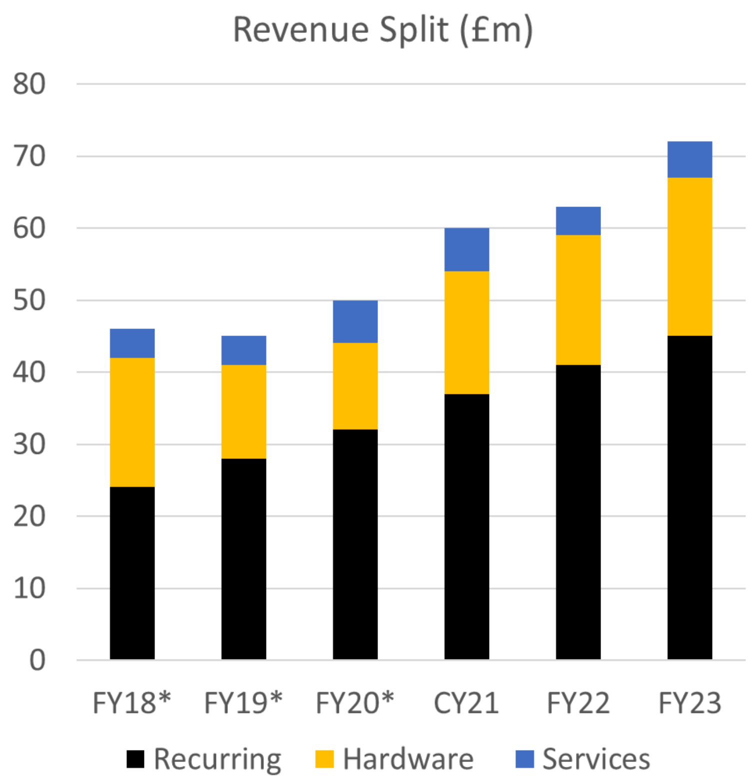
Low customer churn rate

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

- Microlise delivered a solid performance in the first half of 2024. Market conditions have greatly improved following the resolution of component supply issues, and localised delays in new vehicle rollouts are expected to resolve by year-end. Ongoing market consolidation is also expected to benefit Microlise, as our solutions are tailored toward larger companies, which now dominate the sector.
- The positive reception to our new products, coupled with the continued integration of our recent acquisitions and the increasing interoperability of our solutions, has enhanced the appeal of our offering. As a result, we are seeing improvements in our sales pipeline both in the UK and in target geographies where our brand is becoming increasingly recognised.
- With the appointment of a new Chief Revenue Officer, we hope to be able to accelerate the growth of our pipeline while improving its conversion into contracted business. The Company looks to the future with confidence and expects to meet market forecasts for the full year.

In Summary

- A strong performance in H1 2024
- Continued expansion in ANZ retail sector
- Microlise added 200 new customers during the year, with low churn at 0.5%
- Significant order backlog to be rolled out in H2 2024 and 2025.
- Ongoing market consolidation in customer base is also expected to benefit Microlise
- 5th Extension of JCB contract through to September 2029
- Growth in sales of higher margin products.

Nadeem Raza,
Chief Executive Officer

APPENDIX

Balance Sheet

			H1 2024	H1 2023	% Change
Assets	Non-current Assets	Property, plant and equipment	9,425	9,414	0%
		Intangible Assets	84,986	76,595	11%
		Investments in associate	1,333	1,572	(15)%
		Loan to Associate	1,000	1,000	0%
		Trade & other receivables	3,407	2,976	14%
			100,151	91,557	9%
	Current Assets	Inventories	3,842	3,335	15%
		Loan to Associate	0	0	0%
		Trade & other receivables	18,244	22,714	(20)%
		Corporation tax recoverable	1,907	1,437	33%
		Cash & cash equivalents	8,946	14,063	(36)%
			32,939	41,549	(21)%
	Total Assets		**133,090**	**133,106**	(0)%
Liabilities	Current Liabilities	Financial Liabilities / Borrowing	(895)	(1,056)	(15)%
		Trade & other payables	(35,289)	(34,372)	3%
		Corporation tax payable			0%
			(36,184)	(35,428)	2%
	Non-current Liabilites	Financial Liabilities / Borrowing	(704)	(718)	(2)%
		Trade & other payables	(15,140)	(16,830)	(10)%
		Deferred tax	(6,857)	(5,259)	30%
			(22,701)	(22,807)	(0)%
	Total Liabilites		**(58,885)**	**(58,235)**	**1%**
	Net Assets		**74,205**	**74,871**	**(1)%**
Equity	Issued share capital		116	116	0%
	Share Based Payment Reserve & Other Reserves		17,630	17,630	0%
	Retained earnings		56,459	57,125	(1)%
	Total Equity		**74,205**	**74,871**	**(1)%**

ESG Commitments

EMPLOYEE EVENTS
Increased to 34 planned annual internal staff events

ISO 45001
Investing in H&S operations to obtain accreditation in 2025

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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