

## First half FY 23 results: orders continue to grow

7 September 2023

For the six months to 30 June 2023, Mpac Group reported revenue of £52.8m (+4%YoY) and a closing order book of £77.5m, compared to £67.2m at FY22 year end, with order intake of £62.4m (H1 22: £32.8m). The net debt position at December 2022 of £4.7m reverted to H1 net cash of £2.2m; we estimate c£2.5m net cash for the full year. As the combination of order uptake cashflow progress demonstrates, the Group has re-established momentum; trading remains in line with management expectations. Reported H1 EPS was (2.2p)/share; on an adjusted basis 6.8p/share (H1 22: 3.6p).

### Strong contribution from Service revenue

Revenue from Original Equipment declined 11.6%YoY to £35.2m (66.7% of total) reflecting the knock-on effect of orders placed early in FY21, notably in the Americas. By contrast, Service revenue grew 63.0%YoY to £17.6m, 33.3% of total (H1 22: 21.3%), in line with Mpac's "Make Service a Business" initiative.

### Working capital rebounds as expected

H1 working capital contributed £7.3m, reversing the trend in FY22 which consumed £17.8m as extended supplier lead times impacted on equipment build, requiring temporary recourse to debt facilities. Accordingly, FY22 net debt of £4.7m reverted to a net cash position of £2.2m, with interim cash at £8.1m (year-and FY22: £4.2m).

### Progress at FREYR Battery Norway

Mpac reports progress on schedule in completing the Customer Qualification Plant (CQP) project for FREYR Battery in Norway, according to required specifications. Full commissioning is expected in H2. In Q2 the Group also started preparatory work for FREYR's initial production line order for Giga America, FREYR's planned US gigafactory in Georgia; full commercialisation, timing and quantity remains dependent on a final customer decision.

### Outlook maintained

At the January Trading Update (see: Equity Development report [Trading Update: FY22 in line and FY23 encouraging](#)) we raised our FY23 revenue outlook from £103.6m to £104.7m, and (adj.) EBITDA to £9.6m. After reviewing H1 performance, notably the strength of order inflow, **we raise our FY 23 revenue outlook to £106.6m (+2%); (adj.) EBITDA is maintained at £9.6m.**

Our fair value for Mpac remains 485p/share, indicative of a FY24 EV/EBITDA multiple of 3.2x.

#### Forecasts to FY24

Yr to 31 Dec (£m)	2020	2021	2022	2023E	2024E
Revenue	83.7	94.3	97.7	106.6	115.8
EBITDA (adj)	7.9	11.2	6.8	9.6	13.0
Pre-Tax Profit (adj)	6.3	8.6	3.5	7.0	10.5
EPS (adj, p)	31.4	39.4	13.1	25.8	38.3
Net debt / (Cash)	(14.6)	(13.6)	4.7	(2.5)	(7.6)
P/E	6.8x	5.4x	16.1x	8.2x	5.5x
EV/EBITDA	5.2x	3.7x	6.1x	4.3x	3.2x

Source: Company data, Equity Development estimates.

#### Company Data

EPIC	AIM: MPAC
Price (last close)	210p
52 weeks Hi/Lo	340p/207p
Market cap	£43m
ED Fair Value / share	485p
Proforma net cash	£2.2m

#### Share Price, p



Source: ADVFN

#### Description

Mpac Group is a specialist provider of high-speed packaging and automation systems employing c.500 people. The group comprises: Mpac Langen; Mpac Lambert; and, acquired in 2020, Mpac Switchback.

The Group generates over 90% of revenue internationally. Core customer verticals include the healthcare, food & beverage and clean energy sectors. Clients include: Advent, AstraZeneca, Bausch & Lomb, Dexcom, Diageo, GSK, J&J, Kellogg's, Nestlé, Philips, P&G, 3M, and Unilever.

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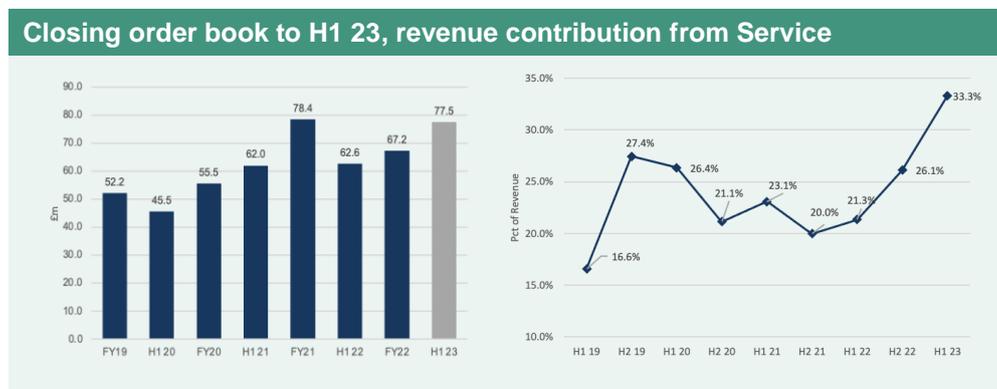
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## H1 23 operational highlights

As illustrated below, with H1 order intake of £62.4m, the closing order book reached £77.5m, approaching the peak of recent years. The revenue contribution from Service increased to 33.3%, albeit against the background of a decline in Original Equipment revenue resulting from the timing of a surge in orders placed, notably in the Americas, in 2021.



Source: Company data.

Group revenue of £52.8m rose 4.3%YoY, comprising Original Equipment sales of £35.2m, -11.6%YoY, 66.7% of total, and Services, £17.6m, +63.0%YoY, 33.3% of total. The gross margin improved from 21.1% in H1 22 to 23.9%. Operating costs, excluding one-off items, were contained at £10.4m (H1 22: £9.5m), 19.7% of revenue (H1 22: 18.8%). Normalisation of supply chain conditions led to a H1 £7.3m reduction in working capital, the reverse of conditions in H2 22 which required recourse to the Group revolving credit facility and year-end net debt of £4.7m.

### Summary P&L to H1 23 and FY23 outlook

£m	H1 22	H2 22	H1 23	YoY	H2 23E	FY23E
Americas	30.1	22.7	24.4	-18.9%	30.6	55.0
EMEA	18.0	19.5	23.2	28.9%	18.8	42.0
Asia Pac	2.5	4.9	5.2	108.0%	4.4	9.6
Sum OE	39.8	34.8	35.2	-11.6%	36.8	72.0
Sum Service	10.8	12.3	17.6	63.0%	17.0	34.6
<b>Revenue:</b>	<b>50.6</b>	<b>47.1</b>	<b>52.8</b>	<b>4.3%</b>	<b>53.8</b>	<b>106.6</b>
Gross	10.7	13.7	12.6	17.8%	17.5	30.1
Margin	21.1%	29.1%	23.9%		32.5%	28.2%
EBIT (adj.)	1.2	2.7	2.2	83.3%	5.2	7.4
Margin	2.4%	5.7%	4.2%		9.7%	6.9%
<b>EBITDA (adj.)</b>	<b>2.5</b>	<b>4.3</b>	<b>3.4</b>	<b>36.0%</b>	<b>6.5</b>	<b>9.9</b>
Margin	4.9%	9.1%	6.4%		12.1%	9.3%
PBT (adj.)	1.1	2.4	1.9	72.7%	5.1	7.0
Cash	9.5	4.2	8.1		9.3	9.3
Net debt / (cash)	(8.6)	4.7	(2.2)		(5.9)	(5.9)
Inventory	6.3	9.6	10.2		13.1	13.1
Working capital	(5.1)	(12.7)	7.3		2.3	9.6

Source: Company data, Equity Development estimates.

## Summary divisional performance

Divisional performance, semi-annual, H1 19 – H1 23									
£m	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21	H1 22	H2 22	H1 23
Americas OE	27.2	18.6	12.8	23.4	24.7	28.7	25.0	15.9	16.1
Americas Service	3.9	7.1	5.4	5.1	5.4	4.5	5.1	6.8	8.3
<b>Americas</b>	<b>31.1</b>	<b>25.7</b>	<b>18.2</b>	<b>28.5</b>	<b>30.1</b>	<b>33.2</b>	<b>30.1</b>	<b>22.7</b>	<b>24.4</b>
Americas Service/Total	12.5%	27.6%	29.7%	17.9%	17.9%	13.6%	16.9%	30.0%	34.0%
EMEA OE	7.9	9.7	12.0	11.7	8.3	9.1	12.9	14.9	14.9
EMEA Service	3.1	4.1	3.4	4.2	4.1	5.2	5.1	4.6	8.3
<b>EMEA</b>	<b>11.0</b>	<b>13.8</b>	<b>15.4</b>	<b>15.9</b>	<b>12.4</b>	<b>14.3</b>	<b>18.0</b>	<b>19.5</b>	<b>23.2</b>
EMEA Service/Total	28.2%	29.7%	22.1%	26.4%	33.1%	36.4%	28.3%	23.6%	35.8%
Asia Pac OE	3.1	2.9	2.3	1.9	1.0	2.3	1.9	4.0	4.2
Asia Pac Service	0.6	0.6	0.9	0.6	0.7	0.3	0.6	0.9	1.0
<b>Asia Pac</b>	<b>3.7</b>	<b>3.5</b>	<b>3.2</b>	<b>2.5</b>	<b>1.7</b>	<b>2.6</b>	<b>2.5</b>	<b>4.9</b>	<b>5.2</b>
Asia Pac Service/Total	16.2%	17.1%	28.1%	24.0%	41.2%	11.5%	24.0%	18.4%	19.2%
Sum OE	38.2	31.2	27.1	37.0	34.0	40.1	39.8	34.8	35.2
Sum Service	7.6	11.8	9.7	9.9	10.2	10.0	10.8	12.3	17.6
<b>Revenue</b>	<b>45.8</b>	<b>43.0</b>	<b>36.8</b>	<b>46.9</b>	<b>44.2</b>	<b>50.1</b>	<b>50.6</b>	<b>47.1</b>	<b>52.8</b>
Service/Total	16.6%	27.4%	26.4%	21.1%	23.1%	20.0%	21.3%	26.1%	33.3%
OE YoY			-29.1%	18.6%	25.5%	8.4%	17.1%	-13.2%	-11.6%
Service YoY			27.6%	-16.1%	5.2%	1.0%	5.9%	23.0%	63.0%
Rev YoY			-19.7%	9.1%	20.1%	6.8%	14.5%	-6.0%	4.3%

Source: Company data.

### Divisional performance, semi-annual, H1 19 – H1 23



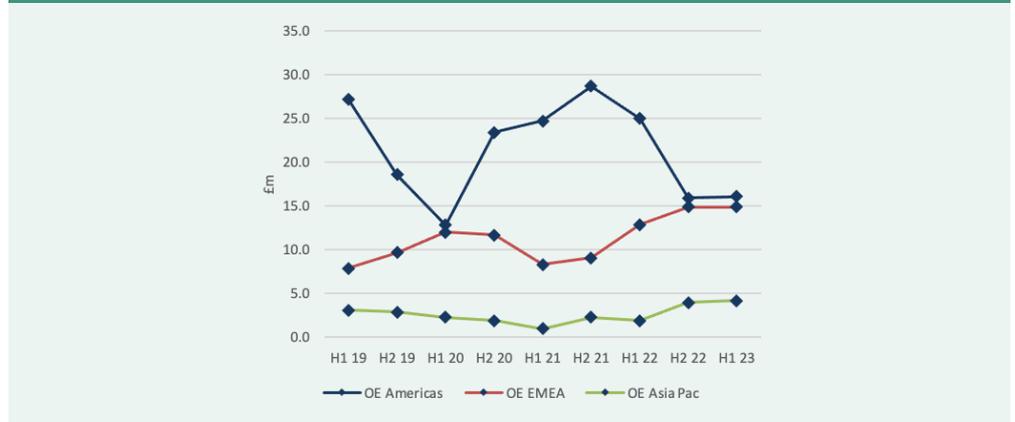
Source: Company data.

## Original Equipment revenue

**H1 23 Original Equipment order intake increased strongly**, from £19.9m in H1 22 to £46.0m (+1.3x); Mpac reported resilience in the Food & Beverage and Healthcare sectors. H1 OE revenue declined 11.6%YoY to £35.2m, principally in the Americas, a factor of the timing of orders placed in 2021. Performance by region was as follows:

- Americas: £16.1m, -35.6%YoY. Our FY23 outlook is £40.0m, -2.2%YoY, with a second half improvement to £23.9m.
- EMEA: £14.9m, +15.5%YoY, reflecting demand in the Food & Beverage and Healthcare segments, and also elements of the FREYR CQP project. Our FY23 estimate is £24.0m.
- Asia Pacific: £4.2m, +1.2x YoY Our full year outlook is £8.0m.

### Original Equipment revenue by region, H1 19 – H1 23



Source: Company data.

Consequently, our OE segment revenue outlook is:

FY23E: £72.0m, 67.5% of total (FY22: 76.4%), -3.5%YoY.

FY24E: £84.1m, 72.6% of total, +16.8%YoY.

### Original Equipment revenue by region, FY19 – FY24 E



Source: Company data. Equity Development estimates.

## Service revenue

**H1 23 Service order intake was £16.4m, +25%YoY**, reflecting active development of operations by customers, plus demand for spares and equipment upgrades. Similarly, 63%YoY growth in Service revenue (£17.6m) resulted from continued demand by customers for improved operational efficiency. Service revenue reached 33% of total, proof of progress in Mpac's 'Make Service a Business' initiative.

Performance by region was as follows:

- Americas: £8.3m, +62.7%YoY. Our FY23 outlook is £15.0m, +26.1%YoY.
- EMEA: £8.3m, +62.7%YoY. Our FY23 estimate is £18.0m, +86%YoY.
- Asia Pacific: £1.0m, +67%YoY. Our full year outlook is £1.6m, +9.3%YoY.

### Service revenue, H1 19 – H1 23



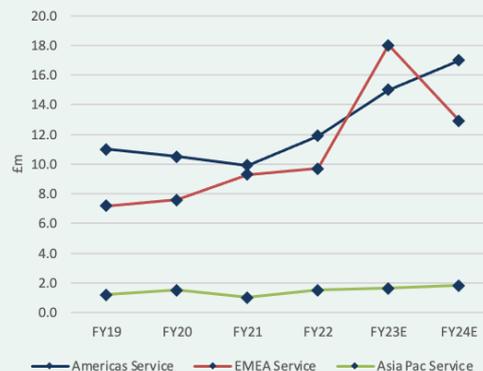
Source: Company data.

Consequently, our Service revenue outlook is:

FY23E: £34.6m, 32.5% of total (FY22: 23.6%), +50.0%YoY.

FY24E: £31.7m, 27.4% of total, -8.4%YoY, as we expect the contribution from EMEA Service to revert to the trend illustrated below.

### Service revenue by region, FY19 – FY24 E



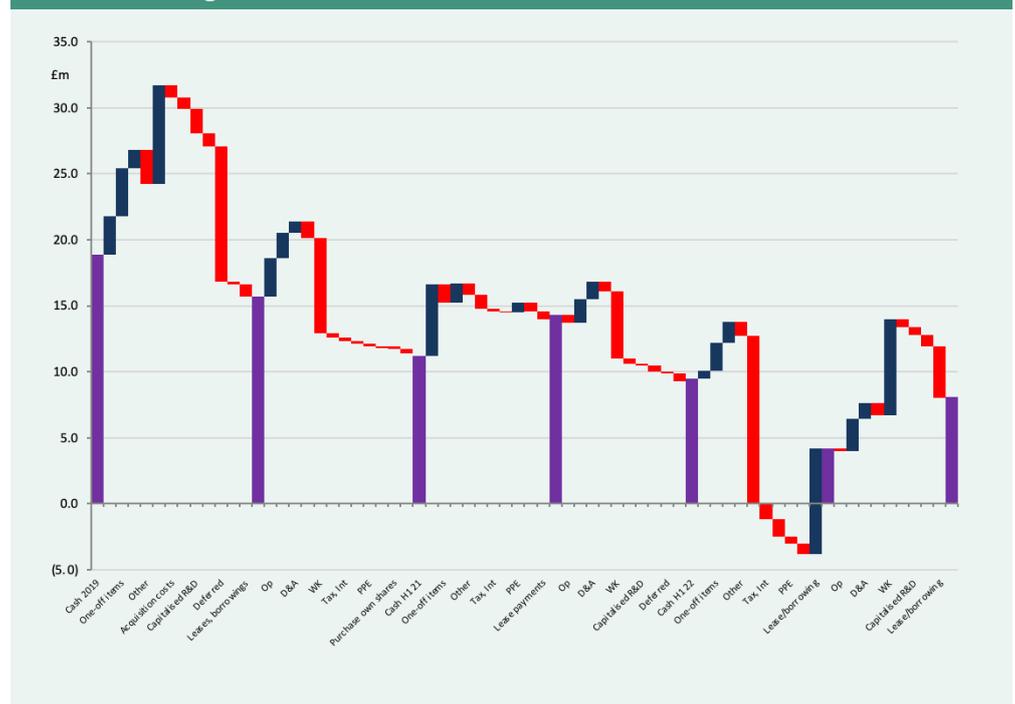
Source: Company data. Equity Development estimates.

## H1: cashflow reasserted

As illustrated, H1 23 recorded a reduction in working capital, adding £7.3m to cashflow, in contrast to H2 22 which absorbed £12.7m. The net cash inflow from operations was £9.1m.

- Operating cashflow increased from £1.8m in H1 22 to £2.5m. Adjustment for non-underlying items totalled £2.4m, comprising: defined pension admin costs, £0.4m (FY22: £1.1m); reorganisation costs, £1.2m (FY22: 0.6m); amortisation of intangibles, £0.8m (FY22: £1.6m). Net of pension scheme finance income of £0.7m, the balance of one-off items was £(1.7)m; (FY22: £(3.3)m).
- The contribution from change in working capital was £7.3m, compared to £(5.1)m a year earlier, with the increase work in progress (contract assets) reduced from £(4.7)m to £(0.6)m, as completed projects moved to shipment.
- Capital spending was maintained at a conservative £0.5m (H1 22: £0.6m).
- Borrowings were reduced by £3.0m to £5.9m, unwinding the contribution to working capital required in H2 22 of £8.0m.
- The resulting movement in cash was a £4.3m increase, virtually doubling cash from FY22 year-end to £8.1m, and a net cash position of £2.2m.

### Cashflow bridge FY19 to H1 23



Source: Company data.

## Pension schemes update

As of 30 June 2023, the IAS 19 valuation the UK pension scheme had a defined benefit asset of £35.2m (£22.9m net of tax on a £295.8m asset base valuation) reflecting increased discount rates. The US scheme recorded a £1.6m deficit on £7.9m in assets, primarily due to foreign exchange rate factors.

## FY23 and FY24 outlook

At the January 16<sup>th</sup> Trading Update (see: Equity Development report [Trading Update: FY22 in line and FY23 encouraging](#)) we raised our FY23 revenue outlook from £103.6m to £104.7m and (adj.) EBITDA +12.9% to £9.6m; and FY24 revenue outlook from £113.4m to £115.8m, with (adj.) EBITDA raised marginally from £12.9m to £13.0m. **We further increase our FY 23 revenue outlook by 2% to £106.6m; our (adj.) EBITDA outlook is maintained at £9.6m.**

### Outlook FY23, FY24

Year to 31 Dec (£m)	H1 22	H2 22	H1 23	H2 23E	FY23E	FY24E	FY23 YoY	FY24 YoY
<b>Revenue</b>	<b>50.6</b>	<b>47.1</b>	<b>52.8</b>	<b>53.8</b>	<b>106.6</b>	<b>115.8</b>	<b>9.1%</b>	<b>8.6%</b>
<b>Gross</b>	10.7	13.7	12.6	17.5	30.1	36.3	23.4%	20.5%
<i>Margin</i>	21.1%	29.1%	23.9%	32.5%	28.2%	31.3%	3.3%	3.1%
EBIT Reported	(0.6)	0.6	(0.2)	3.6	3.4	7.9	N.M.	132.3%
<b>EBIT Adjusted</b>	<b>1.2</b>	<b>2.7</b>	<b>2.2</b>	<b>5.2</b>	<b>7.4</b>	<b>10.9</b>	<b>89.6%</b>	<b>47.2%</b>
<i>Margin</i>	2.4%	5.7%	4.2%	9.7%	6.9%	9.4%	2.9%	2.5%
EBITDA Reported	0.7	2.2	1.0	4.6	5.6	10.0	93.0%	78.5%
<b>EBITDA Adjusted</b>	<b>2.5</b>	<b>4.3</b>	<b>3.4</b>	<b>6.2</b>	<b>9.6</b>	<b>13.0</b>	<b>41.1%</b>	<b>35.4%</b>
<i>Margin</i>	4.9%	9.1%	6.4%	11.5%	9.0%	11.2%	2.0%	2.2%
PBT Reported	(0.4)	0.4	0.2	3.2	3.0	7.5	N.M.	N.M.
<b>PBT Adjusted</b>	<b>1.1</b>	<b>2.4</b>	<b>1.9</b>	<b>5.1</b>	<b>7.0</b>	<b>10.5</b>	<b>N.M.</b>	<b>N.M.</b>
<i>Margin</i>	2.2%	5.1%	3.6%	9.5%	6.6%	9.1%		
PAT Reported	(0.7)	0.0	(0.4)	2.0	1.3	4.9	N.M.	N.M.
<b>PAT Adjusted</b>	<b>0.7</b>	<b>2.0</b>	<b>1.4</b>	<b>3.9</b>	<b>5.3</b>	<b>7.9</b>	<b>N.M.</b>	<b>N.M.</b>
EPS Rptd Basic (p)	(3.5)	0.0	(2.0)	9.8	6.4	23.8	N.M.	N.M.
<b>EPS Adj. Dil. (p)</b>	<b>3.4</b>	<b>9.7</b>	<b>6.8</b>	<b>19.0</b>	<b>25.8</b>	<b>38.3</b>	<b>N.M.</b>	<b>N.M.</b>

Source: Company data. Equity Development estimates.

### Mpac: medium-term earnings trend, FY16 – FY24E

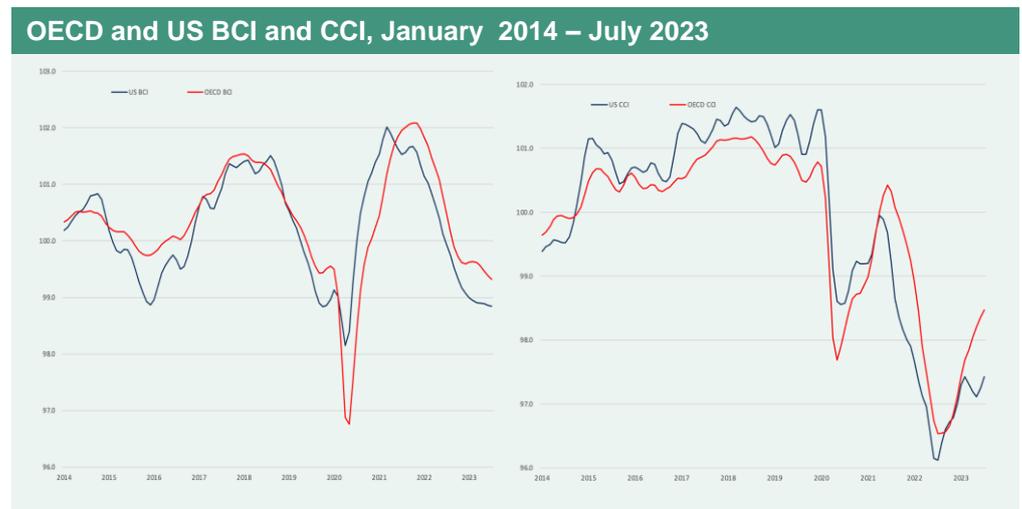


Source: Company data. Equity Development estimates.

## Macro indicators

The latest (July 2023) OECD and US Business Confidence and Consumer Confidence Indices remain below parity and show diverging trends; continued improvement in consumer confidence contrasted with waning business confidence. For July 2023:

- The OECD BCI stood at 99.32, compared to 110.48 a year earlier.
- The US BCI stood at 98.85, compared to 99.92 a year earlier.
- The OECD CCI stood at 98.47, compared to 96.54 a year earlier.
- The US CCI stood at 97.42, compared to 96.12 a year earlier.



Source: OECD.org.

## Group strategic progress

At the interim, the Group highlighted progress in a number of strategic initiatives, including:

- FREYR Battery Norway: installation and commissioning of the Customer Qualification Plant automation line at the Mo I Rana facility progressing on schedule, and pre-engineering work for FREYR's planned Giga America facility in Coweta County, Georgia, part of FREYR's energy storage systems (ESS) initiative.
- Implementation of 'One Mpac' business systems integration at Mpac's Cleveland, US site.
- Additional appointments to management teams in the UK and US, and a second year cohort entering the Mpac Academy for leadership and skills development.

In addition to the acquisition of new customers in target sectors and growth in Service revenue reflecting a focus on customer retention and support, the Group noted a continued **strong pipeline of opportunities of potential acquisition targets** to augment growth.

## SUMMARY FINANCIALS

Profit & Loss: FY20 – FY24E						
P&L Year to 31 Dec (£m)	FY20	FY21	FY22	H1 23	FY23E	FY24E
Equipment revenue	64.1	74.1	74.6	35.2	72.0	84.1
Service revenue	19.6	20.2	23.1	17.6	34.6	31.7
<b>Revenue</b>	<b>83.7</b>	<b>94.3</b>	<b>97.7</b>	<b>52.8</b>	<b>106.6</b>	<b>115.8</b>
<b>Gross</b>	<b>24.3</b>	<b>28.9</b>	<b>24.4</b>	<b>12.6</b>	<b>30.1</b>	<b>36.3</b>
<i>Margin</i>	<i>29.0%</i>	<i>30.6%</i>	<i>25.0%</i>	<i>23.9%</i>	<i>28.2%</i>	<i>31.3%</i>
COGS	(59.4)	(65.4)	(73.3)	(40.2)	(76.5)	(79.6)
Distribution	(6.8)	(6.8)	(8.1)	(3.6)	(8.3)	(9.0)
Admin	(9.9)	(12.4)	(11.9)	(6.2)	(13.0)	(14.5)
Other	(1.1)	(0.9)	(0.5)	(0.6)	(1.4)	(1.9)
Sum operating costs	(17.8)	(20.1)	(20.5)	(10.4)	(22.7)	(25.4)
One-off costs	(3.6)	(0.5)	(3.9)	(2.4)	(4.0)	(3.0)
EBIT Reported	2.9	8.3	0.0	(0.2)	3.4	7.9
<b>EBIT Adjusted</b>	<b>6.5</b>	<b>8.8</b>	<b>3.9</b>	<b>2.2</b>	<b>7.4</b>	<b>10.9</b>
<i>Margin</i>	<i>7.8%</i>	<i>9.3%</i>	<i>4.0%</i>	<i>4.2%</i>	<i>6.9%</i>	<i>9.4%</i>
Amortisation	(0.3)	(0.6)	(0.9)	(0.3)	(0.6)	0.0
Depreciation	(1.1)	(1.8)	(2.0)	(0.9)	(1.6)	(2.1)
EBITDA Reported	4.3	10.7	2.9	1.0	5.6	10.0
<b>EBITDA Adjusted</b>	<b>7.9</b>	<b>11.2</b>	<b>6.8</b>	<b>3.4</b>	<b>9.6</b>	<b>13.0</b>
<i>Margin</i>	<i>9.4%</i>	<i>11.9%</i>	<i>7.0%</i>	<i>6.4%</i>	<i>9.0%</i>	<i>11.2%</i>
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.2)	(0.2)	(0.4)	(0.3)	(0.4)	(0.4)
PBT Reported	2.9	8.2	(0.4)	0.2	3.0	7.5
PBT Adjusted	6.3	8.6	3.5	1.9	7.0	10.5
Tax	1.3	(0.4)	(0.8)	(0.6)	(1.7)	(2.6)
PAT Reported	4.2	7.8	(1.2)	(0.4)	1.3	4.9
<b>PAT Adjusted</b>	<b>6.3</b>	<b>7.9</b>	<b>2.7</b>	<b>1.4</b>	<b>5.3</b>	<b>7.9</b>
Basic wtd. av. shares (m)	20.0	19.9	20.3	20.5	20.5	20.5
Diluted wtd. av. shares (m)	20.1	20.1	20.6	20.6	20.6	20.6
EPS Rptd Basic (p)	21.0	39.2	(5.9)	(2.0)	6.4	23.8
EPS Rptd Dil.(p)	20.9	38.9	(5.8)	(1.9)	6.4	23.7
EPS Adj. Basic (p)	31.6	39.7	13.3	6.8	26.0	38.4
<b>EPS Adj. Dil. (p)</b>	<b>31.4</b>	<b>39.4</b>	<b>13.1</b>	<b>6.8</b>	<b>25.8</b>	<b>38.3</b>

Source: Company data, Equity Development estimates.

**Cashflow FY20 – FY24E**

Cashflow Year to 31 December (£m)	FY20	FY21	FY22	H1 23	FY23E	FY24E
<b>Operating profit</b>	<b>2.9</b>	<b>8.3</b>	<b>0.0</b>	<b>(0.2)</b>	<b>3.4</b>	<b>7.9</b>
One-off items	3.6	0.5	3.9	2.4	4.0	3.0
Amortisation	0.3	0.6	0.9	0.3	0.6	0.0
Depreciation	1.1	1.8	2.0	0.9	1.6	2.1
Other non-cash	0.4	0.4	0.3	0.0	0.0	0.0
Pension	(3.0)	(2.6)	(2.1)	(0.9)	(3.0)	(3.0)
<b>Operating Cash Flow</b>	<b>5.3</b>	<b>9.0</b>	<b>5.0</b>	<b>2.5</b>	<b>6.6</b>	<b>10.0</b>
<b>Working capital</b>						
(Increase)/Decrease inventories	0.2	(2.2)	(3.7)	(0.8)	(5.0)	(1.3)
(Increase)/Decrease in contract assets	(1.7)	(4.4)	(6.4)	(0.6)	(1.0)	(3.0)
(Increase)/Decrease in receivables	(0.6)	1.0	(5.3)	3.7	1.7	(3.6)
Increase/(Decrease) in payables	4.1	(1.1)	2.8	1.7	5.7	3.8
(Increase)/Decrease in contract liabilities	5.4	(0.7)	(5.7)	3.4	5.6	5.6
Increase / Decrease in provisions	0.1	(0.8)	0.5	(0.1)	0.0	0.0
<b>Movement in working capital</b>	<b>7.5</b>	<b>(8.2)</b>	<b>(17.8)</b>	<b>7.3</b>	<b>7.0</b>	<b>1.6</b>
<b>Cash generated by operations</b>	<b>12.8</b>	<b>0.8</b>	<b>(12.8)</b>	<b>9.8</b>	<b>13.6</b>	<b>11.6</b>
Acquisition costs	(0.9)	(0.3)	(0.8)	(0.4)	(0.4)	0.0
Tax (paid)/received	(0.7)	(0.1)	(0.4)	(0.3)	(1.7)	(2.6)
Net cash from operations	11.2	0.4	(14.0)	9.1	11.5	8.9
<b>Investing activities</b>						
Interest received	0.0	0.0	0.0	0.0	0.0	0.0
Sale of PPE	0.2	2.0	0.0	0.0	0.0	0.0
Capitalised R&D	(1.8)	(0.2)	(1.4)	(0.6)	(1.4)	(1.4)
PPE	(1.2)	(1.5)	(1.0)	(0.5)	(1.1)	(1.2)
Acquired cashflow/deferred payment	(10.3)	(0.6)	(0.8)	0.0	0.0	0.0
<b>Net cash used in investing</b>	<b>(13.1)</b>	<b>(0.3)</b>	<b>(3.2)</b>	<b>(1.1)</b>	<b>(2.5)</b>	<b>(2.6)</b>
<b>Net OpFCF</b>	<b>(1.9)</b>	<b>0.1</b>	<b>(17.2)</b>	<b>8.0</b>	<b>9.0</b>	<b>6.4</b>
<b>Financing activities</b>						
Borrowings	0.0	0.0	8.0	(3.0)	(6.4)	0.0
Interest paid	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Purchase own shares	(0.2)	(0.2)	0.0	0.0	(0.5)	(0.4)
Lease payments	(0.9)	(0.9)	(1.1)	(0.4)	(0.9)	(0.5)
Net cash from financing	(1.3)	(1.4)	6.6	(3.7)	(8.2)	(1.3)
<b>Net increase in cash / equivalents</b>	<b>(3.2)</b>	<b>(1.3)</b>	<b>(10.6)</b>	<b>4.3</b>	<b>0.8</b>	<b>5.1</b>
Cash at beginning of year	18.9	15.5	14.5	4.2	4.2	5.0
Forex	(0.2)	0.3	0.3	(0.4)	0.0	0.0
<b>Cash at year end</b>	<b>15.5</b>	<b>14.5</b>	<b>4.2</b>	<b>8.1</b>	<b>5.0</b>	<b>10.1</b>
<b>Net debt / (Cash)</b>	<b>(14.6)</b>	<b>(13.6)</b>	<b>4.7</b>	<b>(2.2)</b>	<b>(2.5)</b>	<b>(7.6)</b>

Source: Company data, Equity Development estimates.

**Balance sheet: FY20 – FY24E**

(£m)	FY20	FY21	FY22	H1 23	FY23E	FY24E
<b>Fixed Assets</b>						
Intangible assets	27.4	25.3	25.4	24.3	24.8	24.8
PPE net	5.1	4.0	4.0	4.0	2.5	1.6
Property	0.8	0.8	0.8	0.8	0.8	0.8
Right of use	4.0	5.8	5.0	4.5	5.0	5.0
Employee benefits	14.0	35.7	31.5	35.2	31.5	31.5
Deferred tax, other	1.8	1.4	1.3	1.0	1.3	1.3
<b>Sum Fixed Assets</b>	<b>53.1</b>	<b>73.0</b>	<b>68.0</b>	<b>69.8</b>	<b>65.9</b>	<b>65.0</b>
<b>Current Assets</b>						
Inventories	3.5	5.5	9.6	10.2	14.6	15.9
Trade receivables	32.2	34.5	46.7	44.0	45.0	48.6
Tax assets	0.8	0.6	0.6	0.8	0.6	0.6
Cash, Equivalents	15.5	14.5	4.2	8.1	5.0	10.1
Contract assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sum Current Assets</b>	<b>52.0</b>	<b>55.1</b>	<b>61.1</b>	<b>63.1</b>	<b>65.2</b>	<b>75.1</b>
Total Assets	105.1	128.1	129.1	132.9	131.1	140.1
<b>Current Liabilities</b>						
Trade payables	(41.1)	(39.5)	(38.4)	(43.6)	(44.1)	(47.9)
Leases	(0.8)	(1.8)	(1.4)	(1.3)	(1.4)	(1.4)
Provisions	(1.4)	(0.6)	(1.0)	(1.0)	(1.0)	(1.0)
Tax, Other	(0.4)	(0.7)	(0.1)	(0.3)	(0.1)	(0.1)
<b>Sum Current Liabilities</b>	<b>(43.7)</b>	<b>(42.6)</b>	<b>(48.9)</b>	<b>(51.2)</b>	<b>(48.6)</b>	<b>(52.4)</b>
Total Assets less Current Liabilities	61.4	85.5	80.2	81.7	82.5	87.6
<b>Long-term Liabilities</b>						
Borrowings	(0.9)	(0.9)	(0.9)	(0.9)	(0.5)	(0.5)
Employee benefits	(3.0)	(2.5)	(2.1)	(1.7)	(3.0)	(3.0)
Tax	(6.8)	(12.5)	(11.1)	(12.4)	(6.8)	(6.8)
Leases	(3.4)	(4.2)	(3.9)	(3.4)	(3.4)	(3.4)
Deferred consideration	(2.9)	0.0	0.0	0.0	0.0	0.0
<b>Sum Long-term liabilities</b>	<b>(17.0)</b>	<b>(20.1)</b>	<b>(18.0)</b>	<b>(18.4)</b>	<b>(13.7)</b>	<b>(13.7)</b>
Total liabilities	(60.7)	(62.7)	(66.9)	(69.6)	(62.3)	(66.1)
Net Assets	44.4	65.4	62.2	63.3	68.8	73.9
<b>Capital &amp; Reserves</b>						
Share Capital	5.0	5.0	5.1	5.1	5.1	5.1
Share Premium	26.0	26.0	26.0	26.0	28.2	28.5
Capital Reserve	5.2	3.7	2.1	2.9	5.2	5.2
Retained earnings	8.2	30.7	29.0	29.3	30.3	35.2
<b>Equity</b>	<b>44.4</b>	<b>65.4</b>	<b>62.2</b>	<b>63.3</b>	<b>68.8</b>	<b>73.9</b>
Net debt / (Cash)	(14.6)	(13.6)	4.7	(2.2)	(2.5)	(7.6)

Source: Company data, Equity Development estimates.



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