

# Mpac Group PLC



1 October 2024

## Major acquisition and equity raise. Fair Value raised to 865p

Mpac has announced an offer to acquire CSi Palletising, a specialist in the design, manufacture and installation of end-of-line automation and palletising solutions, for a maximum consideration of €56.0m (£50.0m). Subject to approval at a General Meeting, the acquisition will be financed through the issue of equity to raise up to £30.0m (gross) at 400p per share, and drawdown from Mpac's debt facilities. The addition of CSi continues Mpac's track record of growth augmented by major acquisitions; we estimate that by FY26 the Group will have achieved its 5-year goal of doubling FY23 revenue and profit, ahead of plan.

Based near Rotterdam, CSi Palletising (see: [www.csiportal.com](http://www.csiportal.com)) specialises in end-of-line case transport and palletising systems, extending to automation middleware, addressing a wide range of packaged product categories, principally food and pet food, a range of non-food items (e.g. electrical devices), and personal and home care. The company was founded in 1964 and launched as an independent operation in 2001, employs 433 persons with sites and offices in the Netherlands, Germany, France, Romania, the US and Mexico, and has over 2,000 systems installed for clients worldwide. CSi brings end-of-line systems expertise to complement and expand Mpac's offering, an expanded client base and further opportunities for cross-sales into the rest of the Group including Service revenue lines. We note that CSi Palletiser's ethos, valuing "personal wellbeing, collegiality and development of our employees", closely matches that of Mpac.

## CSi performance and acquisition structure

For the year to 31 December 2023 CSi recorded revenue of €71.5m (£59.6m<sup>1</sup>) and (adj.) EBITDA of €7.3m (£6.1m<sup>1</sup>), at 10.2% margin. The terms of the acquisition indicate an undemanding 7.6x (adj.) EBITDA multiple, with EPS accretive from FY26. Mpac is raising c.£29.0m (gross) from institutional investors, with an additional c.£1.0m open offer, potentially totalling £30.0m. The balance of the consideration will be sourced from debt. Members of the Mpac Board will also subscribe for £90,000.

## Positive impact on earnings and outlook

We estimate that the acquisition will be immediately earnings-accretive:

- FY24 uplift to estimated revenue of +5.6%, and (adj.) EBITDA, +6.1%.
- FY25 uplift to estimated revenue of +55%, and (adj.) EBITDA, +45%.
- FY26 uplift to estimated revenue of +55%, and (adj.) EBITDA, +64%.

Accordingly, we materially raise our Fair Value per share to 865p (from 550p), post raise.

### Forecasts to FY26 (post completion)

Yr to 31 Dec (£m)	2021	2022	2023	2024E	2025E	2026E
Revenue	94.3	97.7	114.2	129.8	218.1	233.1
EBITDA (adj)	11.2	6.8	10.7	14.3	23.9	29.7
Pre-Tax Profit (adj)	8.6	3.5	7.1	10.2	16.9	21.7
EPS (adj, p)	39.4	13.1	26.2	31.8	43.4	54.7
Net debt / (Cash)	(13.6)	4.7	(2.1)	25.9	14.2	0.4
P/E	10.4x	31.3x	15.7x	12.9x	9.5x	7.5x
EV/EBITDA	11.1x	18.3x	11.6x	8.7x	5.2x	4.2x
EBITDA (adj.) mrg	11.9%	7.0%	9.4%	11.0%	11.0%	12.7%

Fair Value EV/EBITDA	18.0x	10.7x	8.7x
Fair Value PE	27.2x	19.9x	15.8x

Source: Company data, Equity Development estimates.<sup>1</sup> Calculated at €1.17:£1.00.

### Company Data

EPIC	AIM: MPAC
Price (last close)	411p
52 weeks Hi/Lo	545p/195p
Market cap (pre-raise)	£84m
ED Fair Value / share	865p
Proforma net debt	£4.9m

### Share Price, p



Source: ADVFN

### Description

Mpac Group is a specialist provider of high-speed packaging and automation systems employing c.610 people. The Group comprises: Mpac Langen; Mpac Lambert; Mpac Switchback; Mpac BCA.

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.

### Next event

FY Trading Update, January 2025

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## CSi Palletising

Founded in 1964 in Rotterdam as Conveyor Systems NV, CSi Palletising became part of the Swedish PLM Group, was independent and subsequently acquired by Stork Group, and latterly fully independent from 2001. CSi is based in Lissenveld, 35 miles Southeast of Rotterdam, and has manufacturing and assembly facilities in Romania and the Netherlands, spares storage located in Mexico, and sales offices in the UK (East Anglia), Germany and the USA (New York State, Virginia, Atlanta). Significant investment in the manufacturing facilities in Romania ensures that these are best in class. CSi reports over 2,000 installations worldwide. CEO Jan de Bruijn summarises a corporate ethos which resonates with the values of Mpac:

- *“We take great pride however in the fact that we are a “family type” of organisation. The personal wellbeing, collegiality and development of our employees are key. CSi employees have a great amount of freedom when it comes to how they work. They therefore take on the responsibility that is needed in order to be successful. A passion for technology and innovation, with a desire to create perfect solutions is what drives most of our people.”*

CSi's end-of-line systems solutions offering includes:

- Case transport design and innovation.
- Palletising solutions and handling.
- Industry 4.0 automation middleware (CSi 'MOre').
- A range of lifecycle services like those provided in Mpac's Service division: parts and maintenance, modifications, training, consultancy and remote services, set-up and 24/7 helpline support over four time zones.

CSi also offers 'i-Lease' leasing options to reduce customers' cap-ex requirements; e.g. a 5-year lease palletising solution provided at the equivalent of €150/day, €5/hour.

### CSi Palletising Lissenveld head office



Source: Company data.

CSi identifies a range of packaged product markets, notably food, pet food, non-food, and personal (cosmetics) and home care which its systems address:

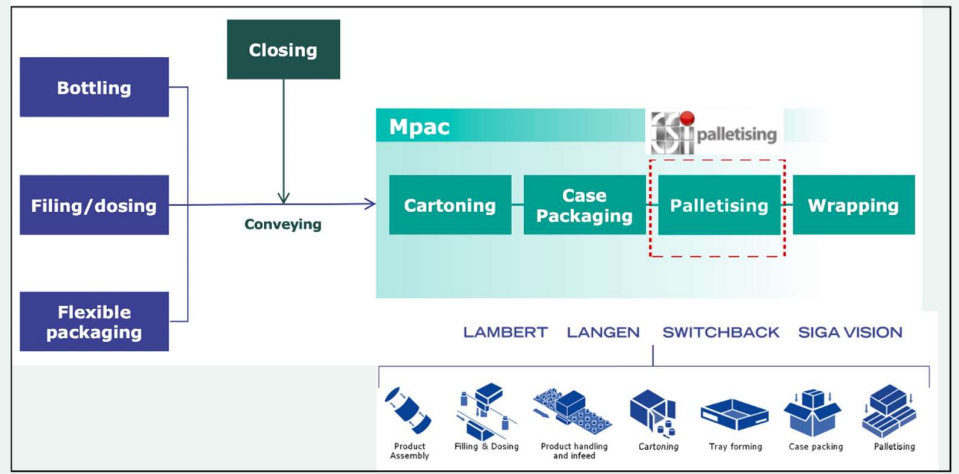
- **Food:** potato products, snacks, cereals, chocolates and confectionary, ready-made meals, frozen food, baby food, meat and poultry, coffee and beverages, and bakery products.
- **Pet food:** categorised as dry (bagged pellets) and wet (tins and trays).
- **Non-food:** pharmaceutical and healthcare, batteries and household electrical items.

**Personal and home care:** including baby products, toilet paper, deodorant, facial tissue, wet wipes, toothpaste, toothbrushes, soap, moisturisers and oils, shampoo, face wash, lipstick, Q-tips, shaving cream, razors, perfumes and make-up, vitamins, and OTC pills.

## Acquisition rationale: many attractions

As illustrated below, the acquisition of CSi Palletising fills a key requirement in the development of Mpac towards a full service offering and brings significant financial scale and profitability: c.+54% on FY23 revenue basis, and c.+58% at EBITDA level.

### Palletising systems addition to the Mpac offering



Source: Company data.

Below summarises the key attractions of the acquisition and synergies and opportunities presented. We note the **extent of mutual market and industry knowledge** which reduces the element of acquisition risk.

### CSi acquisition key attractions, synergies and opportunities

#### Acquisition key attractions

- High quality solutions for palletising and material handling across a wide range of end-of-line applications for FMCG markets.
- Established maintenance and aftermarket services client base.
- Long standing blue chip client base.
- Robotics and systems integration Industry 4.0 capabilities.
- Established lower-cost manufacturing and assembly facilities in Romania backed by links with technical universities: scope to expand.
- Experienced, self-sufficient local leadership teams.
- Knowledge of CSi's target markets and customer base, also overlapping, lowers acquisition and integration risk profile.

#### Acquisition synergies and opportunities

- Increase CSi N. America sales via Mpac presence and relationships.
- CSi Mexico offers LatAm presence to expand Mpac's footprint.
- CSi's Romania manufacturing and assembly base offers cost opportunities for the Group.
- Cross-sale of Mpac OE to CSi strategic accounts..
- Pull-through sale of CSi palletiser solutions to Mpac clients..
- Application of Mpac's after sales service resources and experience to CSi's offering.
- Cross-market knowledge mitigates acquisition risk.

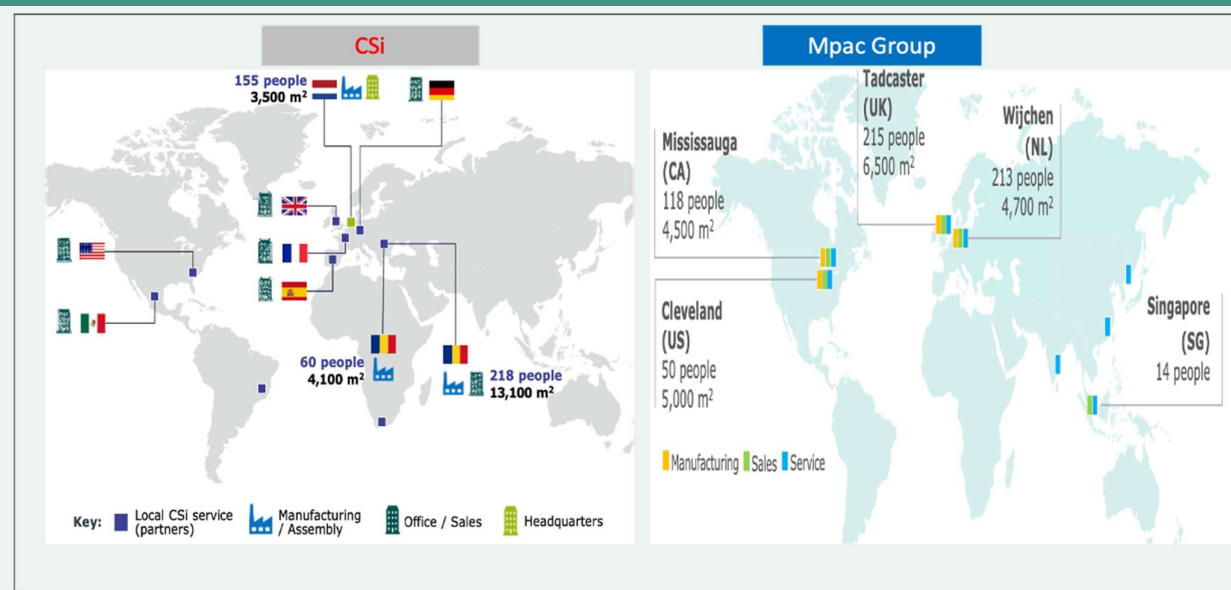
Source: Company data.

## CSi: global footprint and a high-quality client base

CSi has a global operational footprint which matches Mpac's, with the addition of 433 personnel taking the Group total to over 1,000. CSi's client base expands Mpac's with major names, but also includes major names shared with the Group: MARS, Unilever, Nestle, Reckitt and P&G.

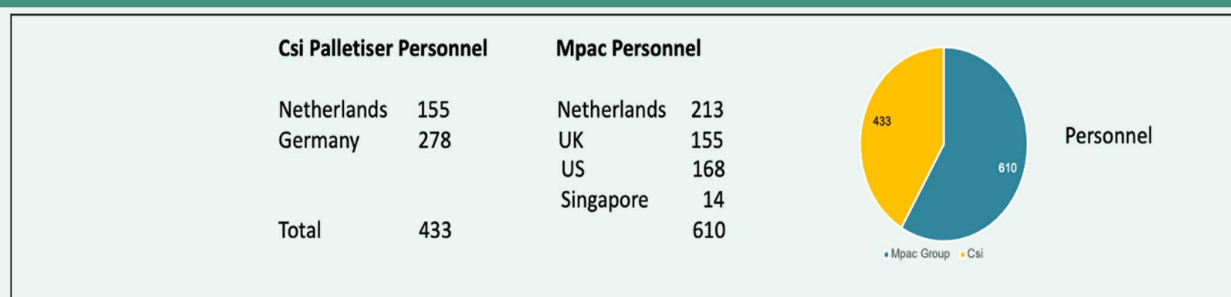
**CSi demonstrates both continuity and breadth of client contact.** The relationship with the top six key accounts spans over 30 years, with the next ten averaging 21 years; in FY23 CSi won a total of 156 orders. CSi registers 58% of total revenue from one customer, but this is spread across 47 different separate orders and change orders, ranging in scale from €10k to €12.3m for equipment and service requirements. The second largest customer comprises 13% of revenue, with No.3 at 5%.

### CSi and Mpac global footprint



Source: Company data.

### CSi and Mpac personnel, CSi leading clients







Source: Company data.

## CSi end-of-line solutions

Summarised below, CSi's designs cover a wide range of end-of-line solutions, from conveyor to palletised and pallet handling systems, focused on fixed-shape packages at low to medium range (60/minute to 120/minute) capacity.

### CSi range of systems and solutions

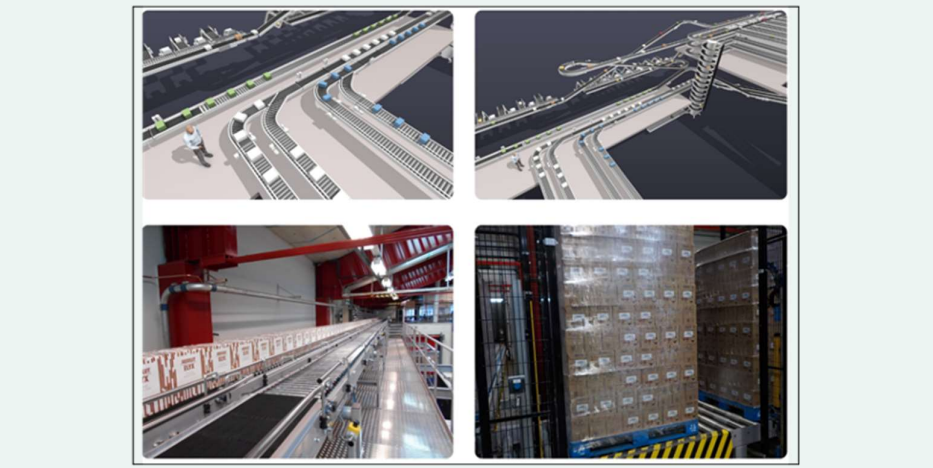
End-of-line palletising		Multi-line palletising			Pallet handling	Case transport	Autonomous robots
							
<b>i-Pal</b> Modular palletisers	<b>Stack-Mate</b> Mechanical palletising solution	<b>C5000I</b> Infed layer palletiser	<b>Line 8</b> Robotic product handling cells	<b>Taros</b> Infed layer palletiser	Standardised and modular pallet handling equipment	Conveyor systems for secondary packaged goods, both standard or customised	<b>AMR</b> Developed with partners, can be fully integrated into CSi's systems
Capacity: Up to 24 products per minute	Capacity: Up to 16 products per minute	Capacity: Up to 110 products per minute	Capacity: Up to 40 products per minute	Capacity: Up to 60 products per minute			

Source: Company data.

## Case transport solutions

CSi designs and manufactures case transport conveyor systems for second stage (i.e. boxed) packaged goods, in either standardised modules or custom design formats, illustrated below.

### CSi case transport solutions



Source: Company data.

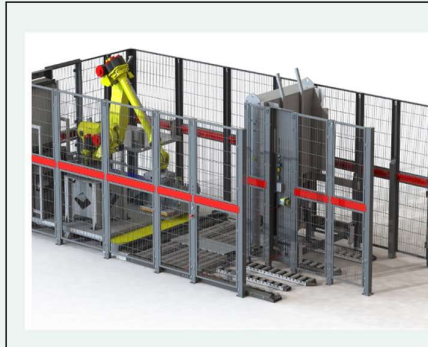
## Palletising systems

CSi palletising solutions are designed with attention to speed and efficiency, safe operation and optimisation of space. Solutions include:

- **I-Pal** robot palletising caged 'cells' (illustrated below) comprising a spherical range robot, pick point and gripper installed on a skid.
- **C-Pal** robotic stacking distinguished by flexible location and quick installation (power and air-line).
- **Taros**, a spiral conveyor line-feed system with high capacity (60 units per minute).
- **C5000**, high performance (up to 140 cases per minute) with real-time monitoring (CSi SCADA).
- **Stack mate**, replacement for manual pallet stacking, and space optimisation.



### CSi i-Pal



### CSi c-Pal



Source: Company data.

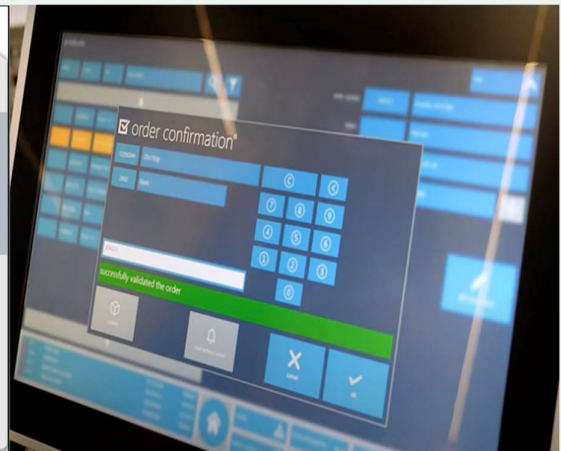
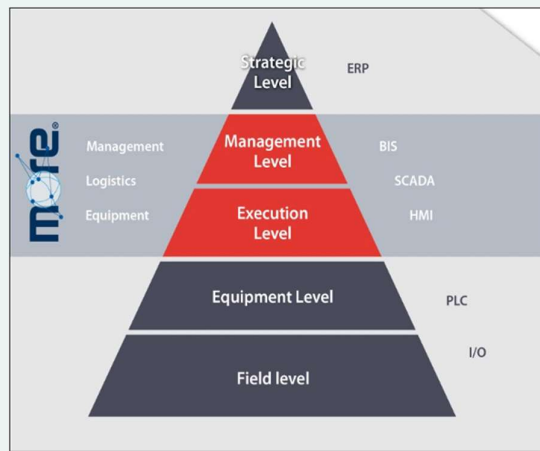
### Industry 4.0 middleware: CSi MORE



CSi offers 'MOre', a middleware system which "bridges the gap between shop floor and top floor" to automate processes which control the flow of goods. The system comprises an arrangement of automated 'blocks', either built in from the outset or retrofitted, distinguished by real-time graphic monitoring (illustrated below). The system combines:

- Control and monitoring software 'blocks', e.g. stacking distribution, pallet labelling, rework, reporting.
- Ruggedised portable or fixed 18.5" flat screen monitors, large information screens.
- Hand-held and wearable devices.

### Positioning of CSi MORE middleware offering, user interface



Source: Company data.

## CSi Palletiser financial performance

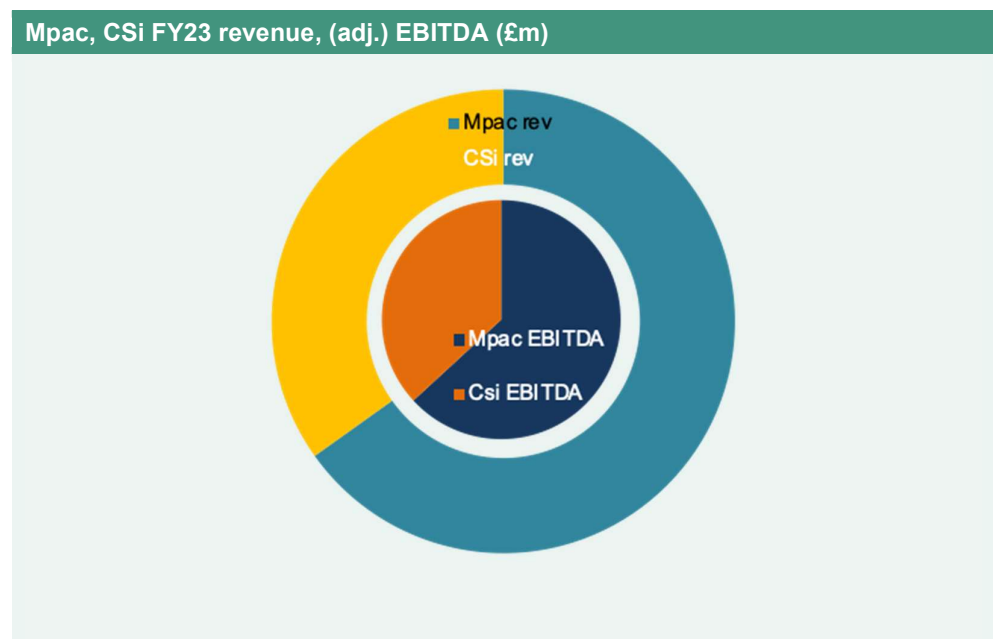
As shown below, for the year to 31 December 2023 CSi recorded:

- Revenue of €71.5m, i.e. +54% equivalent to Mpac's £114.1m.
- EBITDA of €7.3m, a 10.2% margin; Mpac FY23 (adj.) EBITDA margin was 9.4%.

CSi Palletiser summary financial performance				
Year to 31 Dec €m	2021	2022	2023	Jun-24
Revenue	51.3	63.1	71.5	44.4
YoY		23.0%	13.3%	
Gross	30.4	33.3	38.9	26.0
Op-ex	(26.8)	(28.2)	(31.6)	(19.2)
EBITDA	3.6	5.1	7.3	6.8
(adj.) PBT	2.4	3.9	6.0	6.3
Year to 31 Dec £m	2021	2022	2023	Jun-24
Revenue	43.8	53.9	61.1	37.9
Gross	26.0	28.5	33.2	22.2
Gross margin	59.3%	52.8%	54.4%	58.6%
Op-ex	(22.9)	(24.1)	(27.0)	(16.4)
EBITDA	3.1	4.4	6.2	5.8
Margin	7.0%	8.1%	10.2%	15.3%
(adj.) PBT	2.1	3.3	5.1	5.4

Source: Company data, Equity Development estimates.

Below illustrates the relative scale of revenue and (adj.) EBITDA, FY23, CSI and Mpac.

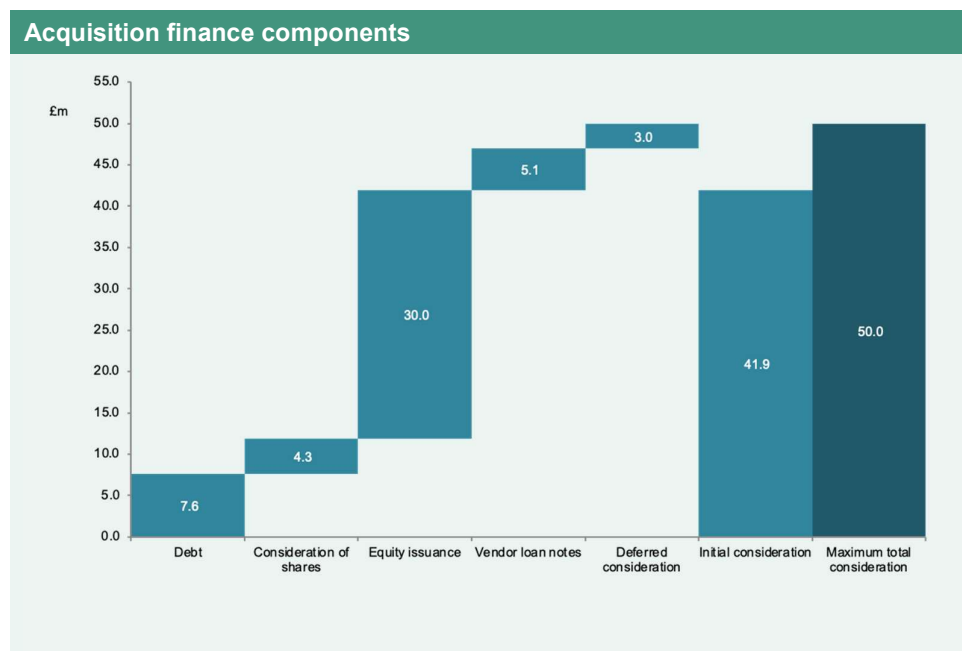


Source: Company data, Equity Development estimates.

## Acquisition funding

As summarised below, the acquisition consideration of €56.0m (£50.0), including deal costs, is (subject to shareholder approval) being funded through an equity raise of up to £30.0m, and a combination of debt (£7.6m), consideration shares (£4.3m), vendor loan notes (£5.1m) and a deferred consideration (£3.0m). The initial consideration indicated is £41.9m.

Members of the Mpac Board will also subscribe for a total of £90,000: non-Executive Chair Andrew Kitchingman, for £10,000, CEO Adam Holland, £20,000, CFO William Wilkins, £20,000, and two Non-executive Directors, each £20,000.



Source: Company data, and assuming a full £30m equity raise

The details of the funding package are as follows.

### Equity component:

- Proposed non-pre-emptive institutional equity placing of new shares: c.£29.0m issued at 400p / share.
- Retail 'top up' offer to shareholders: c.£1.0m (purpose, to reduce leverage).
- Consideration shares £4.3m issued to the seller at placing, at the placing price (with a 2-year lock-up applied).

### Debt component:

- Vendor loans, £5.1m, 10.0% interest rate, £1.3m due in 12 months, £3.8m within 24 months.
- Term loan £12.0m, 3-year term at SONIA (4.95%) +2-3%.
- Access to £35.0m RCF (HSBC) to 2027 at SONIA +2-3%.

### Dilutive impact

We estimate the dilutive effect of combined equity raise in respect of the recent acquisition of Boston Conveyor & Automation Inc., (1.06m shares, 5.2%) and acquisition of CSi Palletiser (estimated 7.50m shares, 36.6%) at 42.2%.



## Positive earnings impact: 5-year goal achievable

Below summarises the impact of the CSI acquisition on our prior estimates:

- FY24 uplift to revenue of +5.6%, and (adj.) EBITDA, +6.1%.
- FY25 uplift to revenue of +55%, and (adj.) EBITDA, +45%.
- FY26 uplift to revenue of +55% (**2.04x FY23, £114.2m**), and (adj.) EBITDA, +64% (**2.77x FY23**).

We estimate that Mpac will have achieved its 5-year goal of doubling FY23 revenue by FY26.

### CSI Palletising positive earnings impact

#### Prior estimates

Yr to 31 Dec (£m)	2024E	2025E	2026E
Revenue	122.8	141.1	150.6
EBITDA (adj)	13.5	16.5	18.1
Pre-Tax Profit (adj)	10.5	12.6	14.4
EPS (adj, p)	37.7	45.2	52.4
Net debt / (Cash)	5.5	5.0	(4.7)

#### New estimates

Yr to 31 Dec (£m)	2024E	2025E	2026E
Revenue	129.8	218.1	233.1
EBITDA (adj)	14.3	23.9	29.7
Pre-Tax Profit (adj)	10.2	16.9	21.7
EPS (adj, p)	31.8	43.4	54.7
Net debt / (Cash)	25.9	14.2	0.4

#### Impact

Yr to 31 Dec (£m)	2024E	2025E	2026E
Revenue	5.6%	55%	55%
EBITDA (adj)	6.1%	45%	64%
Pre-Tax Profit (adj)	-2.9%	34%	51%
EPS (adj, p)	-16%	-4%	4%

Source: Company data, Equity Development estimates.

As shown, we expect the acquisition of both BCA and CSI to have a significant impact on Mpac Group (adj.) profitability as the contribution at gross level separates from distribution, admin and other costs, **taking (adj.) EBIT margin to 10.0% by FY26.**

### Medium term positive impact on revenue, (adj.) EBITDA and margins



Source: Company data, Equity Development estimates.

## Comparative valuation update

Assuming the deal completes as planned, we update Mpac's current valuation (EV/EBITDA and PE) based on our outlook to FY26 and updated ED Fair Value of 865p/share, compared to peers:

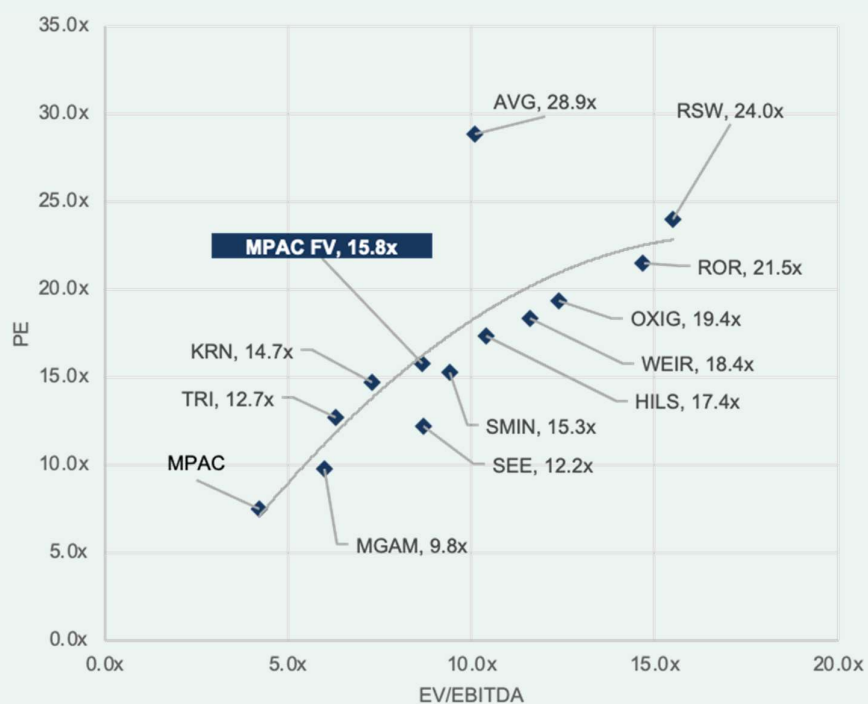
- Smiths Group plc, Weir Group plc, Trifast plc, Rotork plc, Sealed Air Corp., Oxford Instruments plc, Renishaw plc, Morgan Advanced Materials plc, Avingtrans plc, Hill & Smith plc and Krones AG.

Data is based on the +1 year forward consensus earnings outlook (source: Koyfin).

- The overall market cap-weighted EV/EBITDA multiple for the peer group is 10.7x, and PE, 17.1x.
- Our Fair Value implies an Mpac **FY26E EV/EBITDA multiple of 8.7x and PE of 15.8x**.

As the chart illustrates, the impact of the CSI acquisition is to lift Mpac's FY26E relative positioning into the low mid-range compared to its peers.

### Mpac valuation versus peers remains attractive



Source: Equity Development estimates, Koyfin. Best fit polynomial shown.

## SUMMARY FINANCIALS

P&L						
Year to 31 Dec (£m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equipment revenue	74.1	74.6	82.4	95.4	158.2	167.7
Service revenue	20.2	23.1	31.8	34.4	59.8	65.4
<b>Revenue</b>	<b>94.3</b>	<b>97.7</b>	<b>114.2</b>	<b>129.8</b>	<b>218.1</b>	<b>233.1</b>
<b>Gross</b>	<b>28.9</b>	<b>24.4</b>	<b>31.6</b>	<b>36.3</b>	<b>50.4</b>	<b>55.8</b>
Margin	30.6%	25.0%	27.7%	28.9%	34.0%	32.3%
COGS	(65.4)	(73.3)	(82.6)	(93.5)	(167.7)	(177.3)
Distribution	(6.8)	(8.1)	(8.8)	(7.8)	(8.9)	(9.4)
Admin	(12.4)	(11.9)	(14.6)	(15.6)	(20.1)	(19.8)
Other	(0.9)	(0.5)	(0.4)	(1.7)	(3.1)	(3.3)
Sum operating costs	(20.1)	(20.5)	(23.8)	(25.0)	(32.1)	(32.5)
One-off costs	(0.5)	(3.9)	(3.9)	(3.0)	(3.0)	(3.0)
EBIT Reported	8.3	0.0	3.9	8.3	15.3	20.3
<b>EBIT Adjusted</b>	<b>8.8</b>	<b>3.9</b>	<b>7.8</b>	<b>11.3</b>	<b>18.3</b>	<b>23.3</b>
Margin	9.3%	4.0%	6.8%	8.7%	8.4%	10.0%
Amortisation	(0.6)	(0.9)	(0.8)	(0.4)	(1.8)	(2.2)
Depreciation	(1.8)	(2.0)	(2.1)	(2.6)	(3.8)	(4.2)
EBITDA Reported	10.7	2.9	6.8	11.3	20.9	26.7
<b>EBITDA Adjusted</b>	<b>11.2</b>	<b>6.8</b>	<b>10.7</b>	<b>14.3</b>	<b>23.9</b>	<b>29.7</b>
Margin	11.9%	7.0%	9.4%	11.0%	11.0%	12.7%
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.2)	(0.4)	(0.7)	(1.1)	(1.4)	(1.6)
PBT Reported	8.0	0.2	4.7	5.3	10.4	15.2
<b>PBT Adjusted</b>	<b>8.6</b>	<b>3.5</b>	<b>7.1</b>	<b>10.2</b>	<b>16.9</b>	<b>21.7</b>
Tax	(0.4)	(0.6)	(2.0)	(0.9)	(4.3)	(5.8)
PAT Reported	7.6	(0.4)	2.7	4.4	6.1	9.4
<b>PAT Adjusted</b>	<b>7.9</b>	<b>2.7</b>	<b>5.3</b>	<b>9.3</b>	<b>12.6</b>	<b>15.9</b>
Basic wtd. av. shares (m)	19.9	20.3	20.5	29.1	29.1	29.1
Diluted wtd. av. shares (m)	20.1	20.6	20.5	29.1	29.1	29.1
EPS Rptd Basic (p)	38.2	(2.0)	13.2	15.0	21.1	32.4
EPS Rptd Dil.(p)	37.9	(1.9)	13.2	15.0	21.1	32.4
EPS Adj. Basic (p)	39.7	13.3	26.2	31.8	43.4	54.7
<b>EPS Adj. Dil. (p)</b>	<b>39.4</b>	<b>13.1</b>	<b>26.2</b>	<b>31.8</b>	<b>43.4</b>	<b>54.7</b>

Source: Company data, Equity Development estimates assuming deal completes

Cashflow						
Year to 31 Dec (£m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Operating profit</b>	<b>8.3</b>	<b>0.0</b>	<b>3.9</b>	<b>8.3</b>	<b>15.3</b>	<b>20.3</b>
One-off items	0.5	3.9	3.9	3.0	3.0	3.0
Amortisation	0.6	0.9	0.8	0.4	1.8	2.2
Depreciation	1.8	2.0	2.1	2.6	3.8	4.2
Other non-cash	0.4	0.3	0.0	0.1	3.1	3.0
Pension	(2.6)	(2.1)	(2.3)	0.0	(3.0)	(3.0)
<b>Operating Cash Flow</b>	<b>9.0</b>	<b>5.0</b>	<b>8.4</b>	<b>14.4</b>	<b>24.0</b>	<b>29.7</b>
<b>Working capital</b>						
(Increase)/Decrease inventories	(2.2)	(3.7)	(1.7)	4.9	(1.5)	(4.7)
(Increase)/Decrease in contract assets	(4.4)	(6.4)	1.7	1.4	(1.5)	1.4
(Increase)/Decrease in receivables	1.0	(5.3)	(0.3)	(7.3)	8.5	(8.9)
Increase/(Decrease) in payables	(1.1)	2.8	1.8	(9.3)	(4.0)	6.4
(Increase)/Decrease in contract liabilities	(0.7)	(5.7)	(0.1)	8.5	(1.3)	1.0
Increase / Decrease in provisions	(0.8)	0.5	3.3	(0.2)	0.9	0.3
<b>Movement in working capital</b>	<b>(8.2)</b>	<b>(17.8)</b>	<b>4.7</b>	<b>(2.0)</b>	<b>1.1</b>	<b>(4.5)</b>
<b>Cash generated by operations</b>	<b>0.8</b>	<b>(12.8)</b>	<b>13.1</b>	<b>12.4</b>	<b>25.1</b>	<b>25.2</b>
Acquisition costs, other	(0.3)	(0.8)	(0.8)	(18.0)	0.0	0.0
Tax (paid)/received	(0.1)	(0.4)	(1.1)	0.4	(4.0)	(5.8)
Net cash from operations	0.4	(14.0)	11.2	(5.2)	21.1	19.4
<b>Investing activities</b>						
Acquisition	0.0	0.0	0.0	(60.5)	0.0	0.0
Sale of PPE	2.0	0.0	0.0	0.0	0.0	0.0
Capitalised R&D	(0.2)	(1.4)	(1.5)	(0.5)	(1.1)	(0.7)
PPE	(1.5)	(1.0)	(1.1)	(0.3)	(3.0)	(1.0)
Acquired cashflow/deferred payment	(0.6)	(0.8)	0.0	(3.5)	(3.5)	(1.8)
<b>Net cash used in investing</b>	<b>(0.3)</b>	<b>(3.2)</b>	<b>(2.6)</b>	<b>(64.8)</b>	<b>(7.6)</b>	<b>(3.5)</b>
<b>Net OpFCF</b>	<b>0.1</b>	<b>(17.2)</b>	<b>8.6</b>	<b>(70.0)</b>	<b>13.5</b>	<b>16.0</b>
<b>Financing activities</b>						
Borrowings	0.0	8.0	0.0	35.1	(7.5)	(8.0)
Interest paid	(0.3)	(0.3)	(0.7)	(1.2)	(1.4)	(1.6)
Purchase own shares	(0.2)	0.0	0.0	0.0	0.0	0.0
Lease payments	(0.9)	(1.1)	(1.1)	(1.7)	(0.5)	(0.5)
Net cash from financing	(1.4)	6.6	(1.8)	69.1	(9.4)	(10.1)
<b>Net increase in cash / equivalents</b>	<b>(1.3)</b>	<b>(10.6)</b>	<b>6.8</b>	<b>(0.9)</b>	<b>4.1</b>	<b>5.9</b>
Cash at beginning of year	15.5	14.5	4.2	11.0	10.1	14.3
Forex	0.3	0.3	0.0	0.0	0.0	0.0
<b>Cash at year end</b>	<b>14.5</b>	<b>4.2</b>	<b>11.0</b>	<b>10.1</b>	<b>14.3</b>	<b>20.1</b>
<b>Net debt / (Cash)</b>	<b>(13.6)</b>	<b>4.7</b>	<b>(2.1)</b>	<b>25.9</b>	<b>14.2</b>	<b>0.4</b>

Source: Company data, Equity Development estimates assuming deal completes

**Balance sheet**

Year to 31 Dec (£m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Fixed Assets</b>						
Intangible assets	25.3	25.4	24.0	85.4	80.1	76.2
PPE net	4.0	4.0	4.1	13.7	12.9	9.7
Property	0.8	0.8	0.8	0.8	0.8	0.8
Right of use	5.8	5.0	5.9	5.0	5.0	5.0
Employee benefits	35.7	31.5	32.2	32.7	32.7	32.7
Deferred tax, other	1.4	1.3	0.9	3.4	3.4	3.4
<b>Sum Fixed Assets</b>	<b>73.0</b>	<b>68.0</b>	<b>67.9</b>	<b>141.0</b>	<b>134.9</b>	<b>127.8</b>
<b>Current Assets</b>						
Inventories	5.5	9.6	11.1	14.0	18.5	21.7
Trade receivables	34.5	46.7	46.8	31.3	28.1	31.9
Tax assets, Other	0.6	0.6	1.1	22.7	22.7	22.7
Cash, Equivalents	14.5	4.2	11.0	10.1	14.3	20.1
Contract assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sum Current Assets</b>	<b>55.1</b>	<b>61.1</b>	<b>70.0</b>	<b>78.2</b>	<b>83.6</b>	<b>96.5</b>
<b>Total Assets</b>	<b>128.1</b>	<b>129.1</b>	<b>137.9</b>	<b>219.2</b>	<b>218.5</b>	<b>224.3</b>
<b>Current Liabilities</b>						
Trade payables	(39.5)	(38.4)	(43.8)	(14.6)	(17.9)	(19.2)
Leases	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)
Provisions	(0.6)	(1.0)	(0.9)	(0.9)	(0.9)	(0.9)
Tax, Other	(0.7)	(0.1)	(0.9)	(18.3)	(6.0)	(6.0)
<b>Sum Current Liabilities</b>	<b>(42.6)</b>	<b>(48.9)</b>	<b>(54.9)</b>	<b>(71.1)</b>	<b>(62.8)</b>	<b>(64.8)</b>
<b>Total Assets less Current Liabilities</b>	<b>85.5</b>	<b>80.2</b>	<b>83.0</b>	<b>148.1</b>	<b>155.6</b>	<b>159.4</b>
<b>Long-term Liabilities</b>						
Borrowings	(0.9)	(0.9)	(0.9)	(36.0)	(28.5)	(20.5)
Employee benefits	(2.5)	(2.1)	(1.8)	(3.0)	(3.0)	(3.0)
Tax	(12.5)	(11.1)	(11.4)	(6.8)	(6.8)	(6.8)
Leases	(4.2)	(3.9)	(4.9)	(3.4)	(3.4)	(3.4)
Deferred consideration	0.0	0.0	0.0	(3.5)	(3.5)	(1.8)
<b>Sum Long-term liabilities</b>	<b>(20.1)</b>	<b>(18.0)</b>	<b>(19.0)</b>	<b>(52.7)</b>	<b>(45.2)</b>	<b>(35.5)</b>
<b>Total liabilities</b>	<b>(62.7)</b>	<b>(66.9)</b>	<b>(73.9)</b>	<b>(123.8)</b>	<b>(108.0)</b>	<b>(100.3)</b>
<b>Net Assets</b>	<b>65.4</b>	<b>62.2</b>	<b>64.0</b>	<b>95.4</b>	<b>110.4</b>	<b>124.0</b>
<b>Capital &amp; Reserves</b>						
Share Capital	5.0	5.1	5.1	7.3	7.3	7.3
Share Premium	26.0	26.0	26.0	25.6	34.5	38.6
Capital Reserve	3.7	2.1	3.8	3.9	3.9	3.9
Retained earnings	30.7	29.0	29.1	58.6	64.7	74.2
<b>Equity</b>	<b>65.4</b>	<b>62.2</b>	<b>64.0</b>	<b>95.4</b>	<b>110.4</b>	<b>124.0</b>
<b>Net debt / (Cash)</b>	<b>(13.6)</b>	<b>4.7</b>	<b>(2.1)</b>	<b>25.9</b>	<b>14.2</b>	<b>0.4</b>

Source: Company data, Equity Development estimates assuming deal completes



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