

# ECO Animal Health Group



## FY25 interims point to a stronger second half

28th November 2024

For the six months to 30 September 2024 ECO Animal Health reported revenue of £33.2m, -13%YoY and (adj.) EBITDA of £0.45m (H1 23: £0.7m). The gross margin remained firm at 40.3% compared to 40.8% a year earlier. In the October Trading Update (Equity Development report 'Trading update: headwinds in China') the Group reported that the combination of a lower incidence of disease and reduced Aivlosin® demand in China and SE Asia markets meant that FY25 (adj.) EBITDA would be c.£7.2m. Into H2 the Group has seen "demand accelerate" to the extent that 82% of market consensus revenue is now covered by year-to-date revenue combined with orders and run rate across operations worldwide. **Consequently, the (adj.) EBITDA outlook is reiterated.**

### Regional performance: Americas offset Far East

Revenue in North America rose 5%YoY to £8.6m, 26% of group total, and in Latin America +8%YoY, £8.3m, cumulatively accounting for 51% of group revenue. Revenue in China & Japan declined 16%YoY to £8.2m, 25% of total, and in South and SE Asia -34%YoY to £5.1m, whilst Europe contributed £2.1m, -39%YoY, cumulatively 46% of total. **For China, the Group expects "a significantly stronger H2".**

### Funding the transition to a new generation of products

Comprising c.90% of revenue and an estimated c.40% of (adj.) EBITDA before centralised costs and R&D spend, Aivlosin® is a mature but highly cash-generative product, and as such is the platform for the next generation of products under development into the 2030s; e.g., ECOVAXXIN®MG, ECOVAXXIN®MS, ECOVAXXIN® PCV-2 Mh, PRRS-V Mab, NE Mab, and anti-parasitics. Also of note is EAH's work in ground-breaking novel monoclonal solutions, an area which has the potential to yield significant results.

EAH reports preparation for the manufacture of two Mycoplasma poultry vaccines – from lab to appointed producer – is underway, whilst the necrotic enteritis vaccine for poultry has progressed to the proof of concept trial stage.

The Group plans to hold a **Capital Markets Day** event in Q4 FY25, providing an opportunity to update investors on the range of projects underway and the pipeline of planned product developments.

Following the Trading Update, and in light of Interim results, our Fair Value range is revised to **97p – 102p** based on an updated comparative review of EAH peers. We note that this valuation includes only the initial (R&D etc.) costs but not the full potential contribution from next-generation products under development.

#### Company Data

EPIC	EAH
Price (last close)	64p
52 weeks Hi/Lo	135p/60p
Market cap	£43m
Proforma net debt (cash)	£(18.3)m
Fair value	97p-102p

#### Share Price, p



Source: ADVFN

#### Description

Founded in 1995, ECO Animal Health specialises in the development, registration and distribution of pharmaceutical products for animal health markets worldwide, notably disease, bacterial infection and parasitic prevention for pigs, cattle, sheep and poultry. The Group addresses markets in China and the Far East, SE Asia, North America, Latin America and Europe, and derives c.90% of revenue from its enteric and respiratory antibiotic Aivlosin®, for the treatment of enteric and respiratory diseases in pigs and poultry.

#### Next event

Capital Markets Day: Q4 25

#### Forecasts to FY26

Yr to 31 March (£m)	2022	2023	2024	2025E	2026E
Revenue	82.2	85.3	89.4	84.3	85.3
EBITDA (adj.)	5.4	7.2	8.0	7.2	7.5
Pre-Tax Profit (adj.)	3.8	4.8	4.0	4.0	4.3
EPS (rptd. basic)	(1.01)	1.49	1.55	2.47	1.27
EPS (adj. dil. p)	2.47	1.66	2.32	1.08	1.42
Net debt / (cash)	(14.3)	(21.7)	(22.4)	(18.4)	(17.9)
EV/EBITDA	4.6x	3.5x	3.1x	3.5x	3.3x
EV/Rev	0.30x	0.29x	0.28x	0.30x	0.29x

Source: Company data, Equity Development estimates.

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## Interim performance – key features

H1 revenue declined 9% YoY on a constant currency basis.

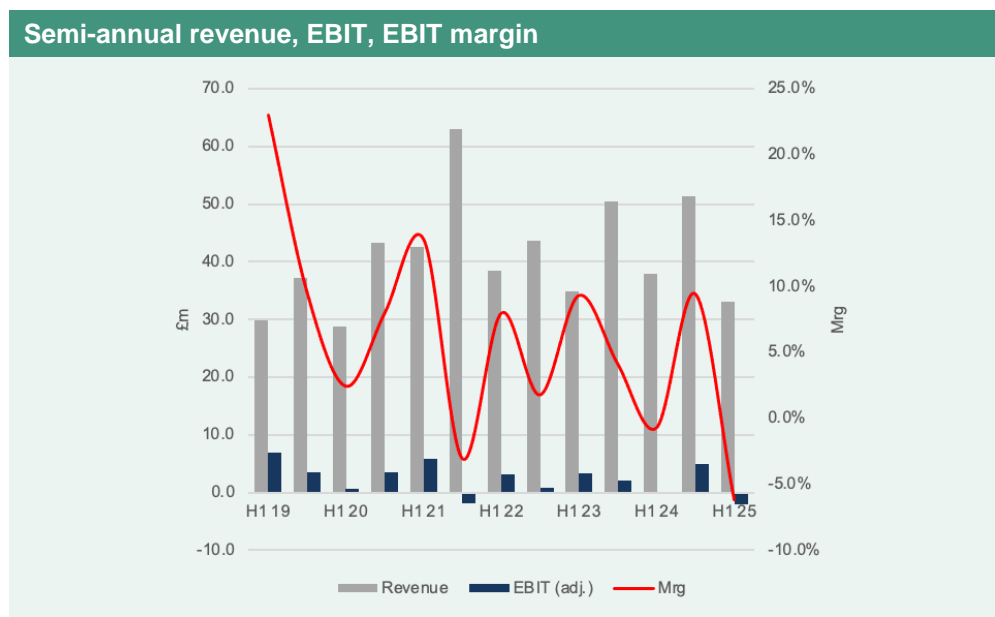
- Of Group revenue of £33.2m, -13% YoY, 51% comprised regions with growth (the Americas) a combined +6%YoY, whilst 49% comprised regions (China, Japan, S & SE Asia, Europe, UK and RoW) overall -26%YoY.
- Gross profitability remained firm at 40.3% compared to 40.8% a year earlier. Including the impact of forex, the margin progression was: H1 23, 40.8%, plus forex impact on revenue, 38.6%, less forex COGS reduction, 39.9% and reduced costs, 41.8%, less change in product mix, 40.3% at H1 24.
- Noting the (adj.) EBIT loss (adjusted for £1.046m received for the disposal of the horse paste business) we note the overall 10% reduction in operating expenses.
- Adjusted EBITDA, which excludes the exceptional gain from the sale of the horse paste operation, was £0.4m (H1 24: £0.7m).
- Overall net operating free cash was £0.5m with a period-end cash balance of £18.3m compared to £22.4m at FY24 and £21.1m in H1 24.

Performance to H1 25					
£m	H1 24	H2 24	H1 25	YoY	Pct of
China & Japan	9.71	14.95	8.16	-16%	25%
N America	8.19	10.29	8.59	5%	26%
S & SE Asia	7.75	9.69	5.08	-34%	15%
LatAm	7.72	12.17	8.33	8%	25%
Europe	3.48	2.97	2.15	-38%	6%
RoW/UK	1.16	1.34	0.87	-25%	3%
<b>Revenue</b>	<b>38.01</b>	<b>51.41</b>	<b>33.18</b>	<b>-13%</b>	<b>100%</b>
Gross	<b>15.50</b>	<b>22.18</b>	<b>13.36</b>	<b>-14%</b>	
Margin	40.8%	43.1%	40.3%		
Admin	(14.02)	(15.38)	(13.39)	-4%	
Sum Op-ex	(16.09)	(18.06)	(14.54)	-10%	
Opex- excluding one-offs	(16.09)	(18.06)	(14.54)		
EBIT (rptd.)	(0.58)	4.12	(1.18)		
<b>EBIT (adj.)</b>	<b>(0.26)</b>	<b>4.86</b>	<b>(2.04)</b>		
Margin	N.M.	9.5%	N.M.		
EBITDA (rptd.)	0.38	6.52	1.31		
<b>EBITDA (adj)</b>	<b>0.70</b>	<b>7.26</b>	<b>0.45</b>		
Margin	1.9%	14.1%	1.3%		
PBT (rptd.)	(0.63)	3.60	(1.42)		
<b>PBT (adj.)</b>	<b>(0.31)</b>	<b>4.34</b>	<b>(2.28)</b>		
Tax	(0.58)	(0.39)	(0.34)		
PAT (rptd.)	(1.21)	3.21	(1.76)		
<b>PAT (adj.)</b>	<b>(0.89)</b>	<b>3.96</b>	<b>(2.62)</b>		
Cash	21.11	22.37	18.30		

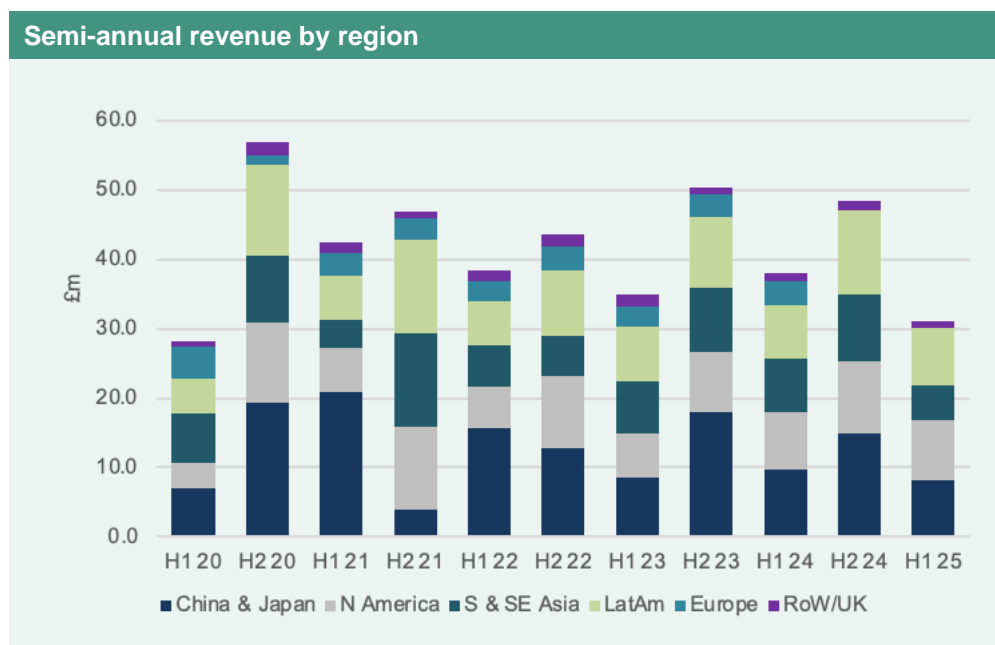
Source: Company data.

## Semi-annual trends

Below summarises semi-annual revenue and profitability to H1 25.



Source: Company data.



Source: Company data.

## Outlook unchanged

As shown below, our outlook remains as revised at the 1<sup>st</sup> October Trading Update, with the exception of the £1.0m impact at reported EBIT and EBITDA level of the horse paste disposal.

Comparison of first half revenue H1 20 – H1 25						
Year to 31 March (£m)	FY25OE	FY25NE	Change	FY26E	FY26NE	Change
China & Japan	21.0	21.0	0.0%	21.2	21.2	0.0%
N America	18.7	18.7	0.0%	18.9	18.9	0.0%
S & SE Asia	15.7	15.7	0.0%	15.9	15.9	0.0%
LatAm	20.1	20.1	0.0%	20.3	20.3	0.0%
Europe	6.5	6.5	0.0%	6.6	6.6	0.0%
RoW/UK	2.4	2.4	0.0%	2.4	2.4	0.0%
<b>Revenue</b>	<b>84.3</b>	<b>84.3</b>	<b>0.0%</b>	<b>85.3</b>	<b>85.3</b>	<b>0.0%</b>
<b>Gross</b>	<b>33.7</b>	<b>33.7</b>	<b>0.0%</b>	<b>38.0</b>	<b>38.0</b>	<b>0.0%</b>
<i>Margin</i>	<i>40.0%</i>	<i>40.0%</i>		<i>44.5%</i>	<i>44.5%</i>	
EBIT (rptd.)	4.3	5.3	25.2%	4.6	4.6	0.0%
<b>EBIT (adj.)</b>	<b>4.7</b>	<b>4.7</b>	<b>0.6%</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0%</b>
<i>Margin</i>	<i>5.5%</i>	<i>5.6%</i>		<i>5.8%</i>	<i>5.8%</i>	
EBITDA (rptd.)	6.8	7.9	15.8%	7.5	7.2	-4.4%
<b>EBITDA (adj)</b>	<b>7.2</b>	<b>7.2</b>	<b>0.4%</b>	<b>7.9</b>	<b>7.5</b>	<b>-4.2%</b>
<i>Margin</i>	<i>8.5%</i>	<i>8.6%</i>		<i>9.2%</i>	<i>8.8%</i>	
PBT (rptd.)	3.6	4.7	29.8%	4.0	4.0	0.0%
<b>PBT (adj.)</b>	<b>4.0</b>	<b>4.0</b>	<b>0.7%</b>	<b>4.3</b>	<b>4.3</b>	<b>0.0%</b>
EPS rptd. basic (p)	0.96	2.47	157.4%	1.34	1.27	-5.1%
<b>EPS adj. dil. (p)</b>	<b>1.08</b>	<b>1.08</b>	<b>-0.8%</b>	<b>1.47</b>	<b>1.42</b>	<b>-3.1%</b>
(adj.) EBITDA:						
China & Japan		6.4		6.4		
N America		6.0		6.0		
S & SE Asia		5.5		5.6		
LatAm		3.6		3.7		
Europe		0.8		0.9		
RoW/UK		0.8		0.8		

Source: Company data.

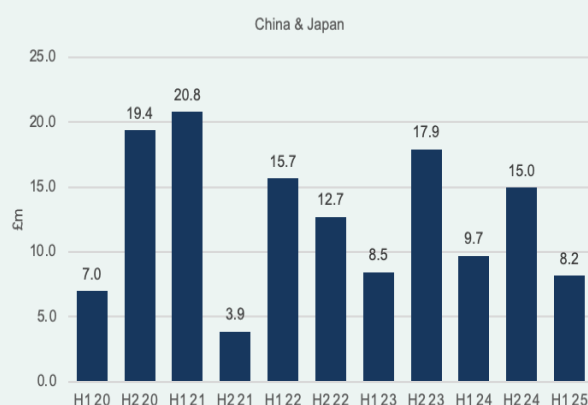
## Regional performance summary

### China & Japan

The 16%YoY decline in revenue resulted principally from reduced disease incidence (as noted at the October Trading Update) in the early summer months. This was partly offset by improved pork prices in August-September (see below p8), improved profitability in the sector and the resulting propensity for the rearing sector to spend more on Aivlosin®, amongst other treatments. Japan recorded market share gains and new customer wins. The Group expects “a significantly stronger H2 in China”.

#### Semi-annual revenue, China & Japan

£m	H1 25	H2 15E	FY25E
Revenue	8.16	12.79	20.96
(adj.)	1.83	4.57	6.39
EBITDA Margin	22.4%	35.7%	30.5%



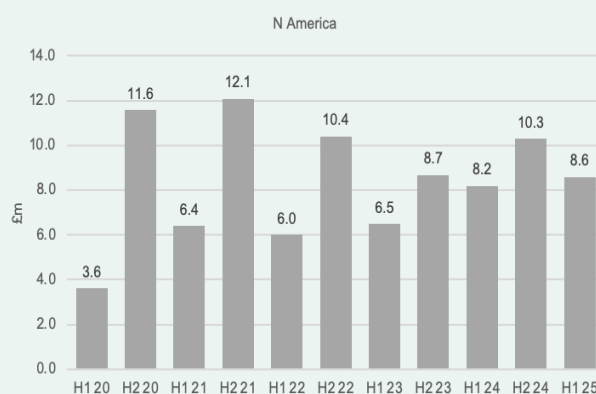
Source: Company data.

### North America

The Group noted good progress in the US and Canada with market share improvement and new customer wins.

#### Semi-annual revenue, North America

£m	H1 25	H2 15E	FY25E
Revenue	8.59	10.07	18.66
(adj.)	2.38	3.59	5.97
EBITDA Margin	27.7%	35.6%	32.0%



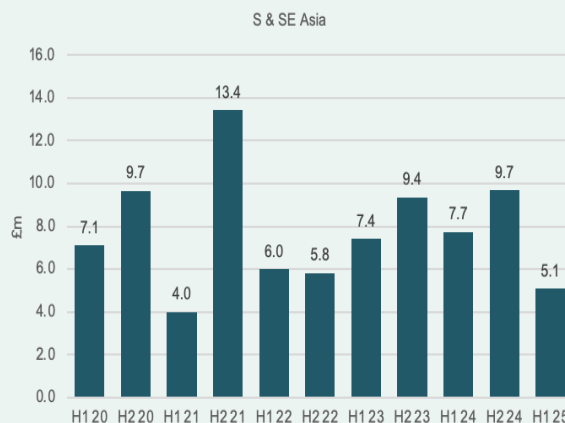
Source: Company data.

## South & SE Asia

The contribution from SE Asia resulted principally from the loss of a key customer in Thailand and a change of distributor in Vietnam, resulting in a hiatus in revenue flow. The regulatory process in the Philippines and Bangladesh also hindered progress in the region.

### Semi-annual revenue, South & SE Asia

£m	H1 25	H2 15E	FY25E
Revenue	5.08	10.62	15.70
(adj.) EBITDA	1.72	3.77	5.49
Margin	33.9%	35.5%	35.0%



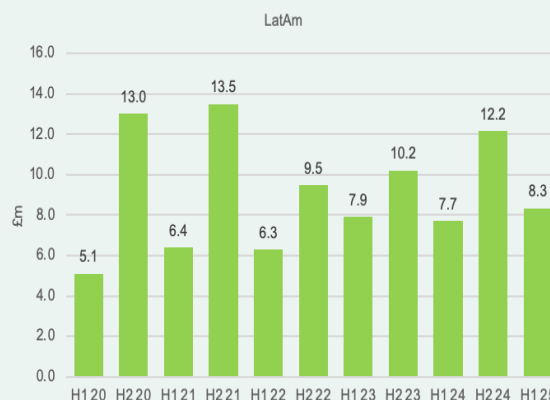
Source: Company data.

## Latin America

EAH noted a reduced contribution from Mexico resulting from strength a year earlier which followed inventory shortages in January-March 2023 which distributors filled in H1 23.

### Semi-annual revenue, Latin America

£m	H1 25	H2 15E	FY25E
Revenue	8.33	11.76	20.09
(adj.) EBITDA	0.54	3.08	3.62
Margin	6.5%	26.2%	18.0%



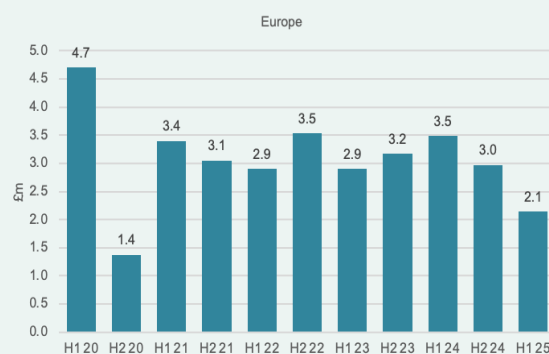
Source: Company data.

## Europe

The reduction in contribution from Europe followed from EAH's withdrawal from the Russian market (£0.5m) and the sale of a loss-making product distributed in Ireland ((£0.5m), a net c.£1.0m reduction from H1 24 revenue of £3.48m. License approval is expected for the use of Aivlosin® in poultry in Saudi Arabia.

### Semi-annual revenue, Europe

£m	H1 25	H2 15E	FY25E
Revenue	2.15	4.37	6.52
(adj.)	0.53	0.32	0.85
EBITDA			
Margin	24.8%	7.2%	13.0%

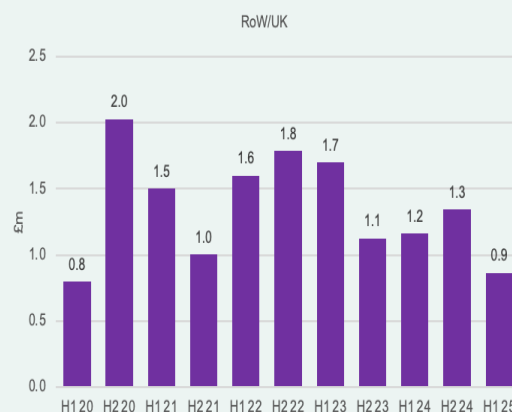


Source: Company data.

## RoW, UK

### Semi-annual revenue, RoW, UK

£m	H1 25	H2 15E	FY25E
Revenue	0.87	1.53	2.40
(adj.)	0.14	0.65	0.79
EBITDA			
Margin	15.9%	42.6%	33.0%

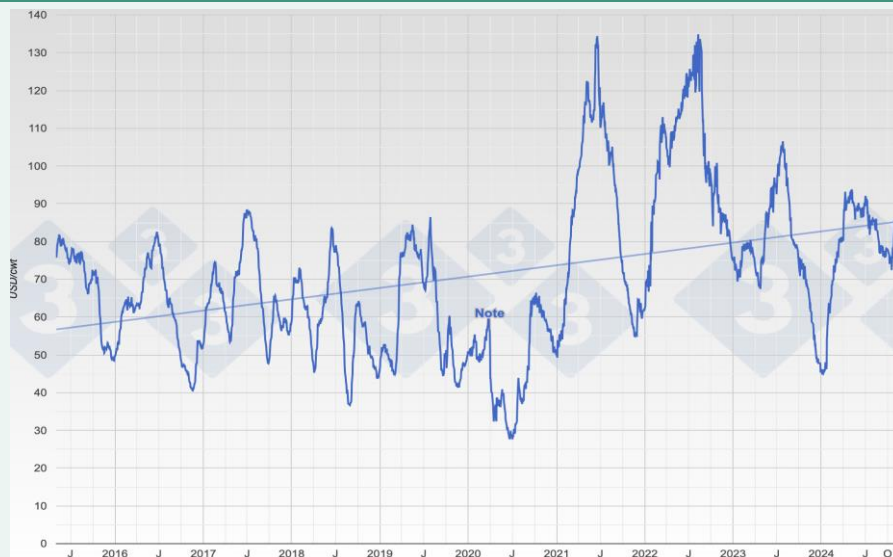


Source: Company data.

## Update on key price pig meat trends

The October indicative US (Minnesota) pig carcass price (US\$82.53/cwt), had returned to the medium-term trend, as shown below.

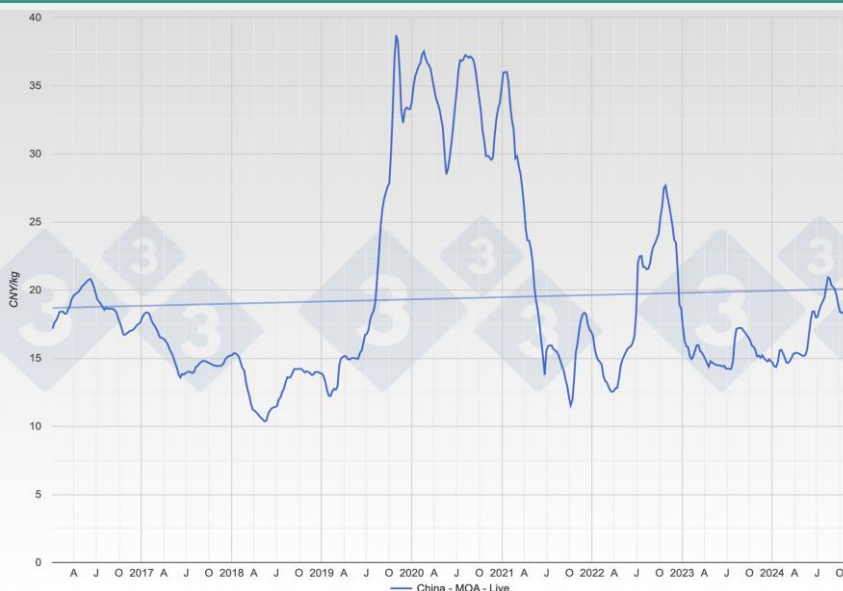
### US pig price trend, 2016 – October 2024, US\$/cwt



Source: [https://www.pig333.com/markets\\_and\\_prices/usa-iowa-minnesota\\_93/](https://www.pig333.com/markets_and_prices/usa-iowa-minnesota_93/). 'Note' indicates the inception of COVID-19.

In China the latest data indicates a brief recovery and recent weakness.

### China pig price trend, 2016 – October 2024 CNY/kg



Source: [https://www.pig333.com/markets\\_and\\_prices/china\\_106/#](https://www.pig333.com/markets_and_prices/china_106/#)



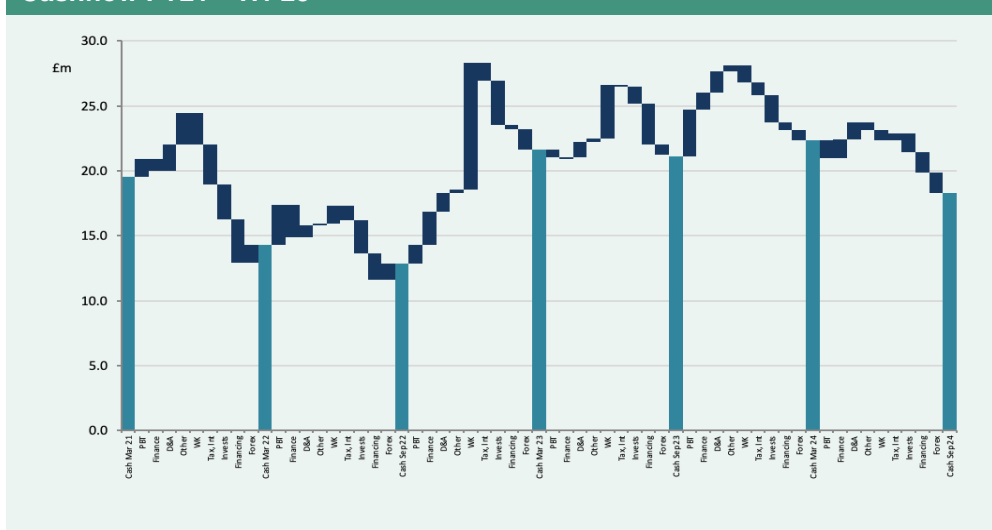
## Cashflow – cash levels maintained

The principal elements of H1 cashflow were:

- A reported-basis PBT loss of £1.4m offset by £1.3m in non-cash amortisation and depreciation, and overall operating cashflow contribution of £0.8m
- Change in working capital was £(0.7)m, with resulting cash from operations effectively nil.
- Consistent with the Group's 'capex-light' business model (PPE at £0.1m) capitalised R&D of £1.8m dominated investing activities, with R&D spend totalling £4.1m (12% of revenue) compared to £3.6m (9%) a year earlier. The Group noted £2.4m expensed to the H1 25 P&L reflecting progress in early- and mid-stage key proof-of-concept trials, whilst the late stage Mycoplasma vaccine project for poultry continued to progress towards regulatory approval.
- Overall, H1 consumed £2.5m with forex at £(1.6)m resulting in period end cash of £18.3m (net).

Overall, as illustrated, the Group **effectively maintained cash levels** at close to recent periods, principally through sound cost management.

### Cashflow FY21 – H1 25



Source: Company data.

### China dividend and bank facilities

- Operations in China generated cash via annual dividend payments, subject to 5% withholding tax, during June 2024 comprising two dividends totalling £3.0m: Zhejiang ECO Animal Health Ltd., paid £1.86m (H1 23: £0.45m), and Zhejiang ECO Biok Animal Health Products Ltd., £0.09m (H1 23: £0.23m) and £1.0m (H1 23: £2.7m).
- EAH retains a £5.0m overdraft facility and £10.0m RCF, undrawn, with expiry on 30<sup>th</sup> June 2026.

### Comparative valuation update

Our updated Fair Value range is **97 - 102p** based on revised FY25/26 outlook and the updated peer group metrics shown below. The peer group excludes Dechra Pharmaceuticals, which was acquired at the multiples shown. We have not used a market cap-weighted approach as this emphasises the presence of Zoetis Inc. in the valuation process. Overall, for EAH this valuation is based predominantly on the contribution to earnings of Aivlosin®; to the extent a contribution from next-generation products is included this is predominantly in the form of R&D and development costs as they impact earnings.

#### Peer group-based valuation

Code	Company	Price (lcu)	Mkt cap (£m)	EV/Rev	EV/EBITDA
ANP	Anpario plc	3.4	65	1.5x	9.6x
OFK	Orion Oyj	45.2	5,043	4.2x	14.7x
APH	Alliance Pharma plc	0.5	231	1.7x	7.4x
ZTS	Zoetis Inc.	179.0	61,128	9.0x	20.3x
V16	Virbac SA	323.5	2,182	2.1x	10.1x
DMP	Dermapharm Holding SE	37.1	1,584	2.4x	9.1x
ELAN	Elanco Animal Health Incorporated	13.3	4,994	2.3x	11.9x
GNSL	Genus plc	17.1	1,068	2.0x	12.4x
8JM	Vetoquinol SA	78.6	736	1.4x	7.3x
LABFF	Laboratorios Farmaceuticos Rovi S.A.	65.9	2,543	4.1x	13.3x
DPH	Dechra Pharma (acquired)			6.7x	25.9x
EAH	Eco Animal Health FY25E	64.0	43.4	0.25x	2.9x
EAH	Valuation at peer group average			0.99x	11.6x
<b>Average</b>				<b>3.1x</b>	<b>11.6x</b>

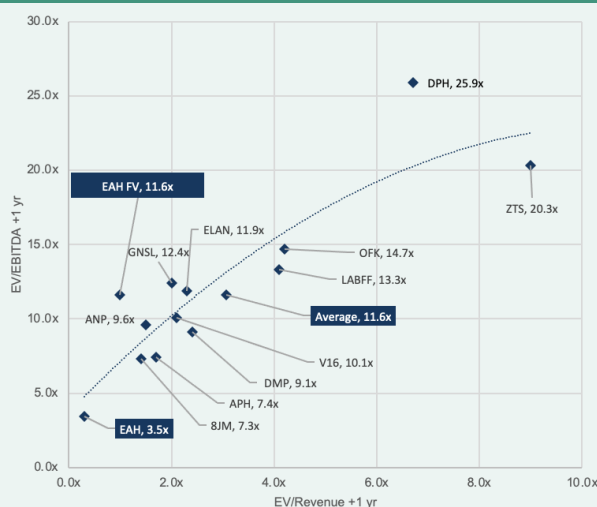
  

EAH (£m)	2025E	2026E	Average
Revenue	84.3	85.3	84.8
(adj.) EBITDA	7.2	7.5	7.4
Margin	8.6%	8.8%	8.7%
EV	83.9	87.3	85.6
Net debt / (cash)	18.4)	17.9)	18.1)
<b>Equity per share (p)</b>	<b>97</b>	<b>102</b>	<b>100</b>

Source: Company data, Koyfin 27.11.2024, Equity Development estimates.

Below illustrates EAH's comparative valuation 'location'.

#### EAH peer group-based comparative valuation



Source: Company data, Koyfin, Equity Development estimates.

## Summary financial data

P&L									
Year to 31 March (£m)	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
China & Japan	8.5	17.9	9.7	15.0	8.2	26.4	24.7	21.0	21.2
N America	6.5	8.7	8.2	10.3	8.6	15.2	18.5	18.7	18.9
S & SE Asia	7.4	9.4	7.7	9.7	5.1	16.8	17.4	15.7	15.9
LatAm	7.9	10.2	7.7	12.2	8.3	18.1	19.9	20.1	20.3
Europe	2.9	3.2	3.5	3.0	2.1	6.1	6.5	6.5	6.6
RoW/UK	1.7	1.1	1.2	1.3	0.9	2.8	2.5	2.4	2.4
<b>Revenue</b>	<b>34.9</b>	<b>50.5</b>	<b>38.0</b>	<b>51.4</b>	<b>33.2</b>	<b>85.3</b>	<b>89.4</b>	<b>84.3</b>	<b>85.3</b>
<b>Gross</b>	<b>15.8</b>	<b>22.6</b>	<b>15.5</b>	<b>22.2</b>	<b>13.4</b>	<b>38.4</b>	<b>37.7</b>	<b>33.7</b>	<b>38.0</b>
<i>Margin</i>	<i>45.3%</i>	<i>44.8%</i>	<i>40.8%</i>	<i>43.1%</i>	<i>40.3%</i>	<i>45.0%</i>	<i>42.1%</i>	<i>40.0%</i>	<i>44.5%</i>
COGS	(19.1)	(27.9)	(22.5)	(29.2)	(19.8)	(46.9)	(51.7)	(50.6)	(47.3)
Other income	0.2	0.1	0.0	0.0	0.1	0.4	0.1	0.1	0.0
R&D	(2.9)	(3.0)	(2.1)	(2.1)	(2.4)	(5.9)	(4.2)	(5.2)	(5.0)
Admin	(10.0)	(17.8)	(14.0)	(15.4)	(13.4)	(27.9)	(29.4)	(24.4)	(28.0)
Impairment/Other	0.0	0.0	0.0	(0.7)	1.0	0.0	(0.7)	1.0	0.0
Sum Op-ex	(12.7)	(20.7)	(16.1)	(18.1)	(14.5)	(33.4)	(34.1)	(28.4)	(33.4)
Sh-based payments	(0.2)	(0.2)	(0.3)	(0.1)	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)
Forex	(2.6)	2.1	(0.2)	0.8	1.2	(0.5)	0.6	0.0	0.0
EBIT (rptd.)	3.1	1.9	(0.6)	4.1	(1.2)	4.9	3.5	5.3	4.6
<b>EBIT (adj.)</b>	<b>3.3</b>	<b>2.1</b>	<b>(0.3)</b>	<b>4.9</b>	<b>(2.0)</b>	<b>5.4</b>	<b>4.6</b>	<b>4.7</b>	<b>5.0</b>
<i>Margin</i>	<i>9.3%</i>	<i>4.2%</i>	<i>N.M.</i>	<i>9.5%</i>	<i>N.M.</i>	<i>6.3%</i>	<i>5.1%</i>	<i>5.6%</i>	<i>5.8%</i>
Amortisation	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(1.1)	(1.2)	(1.2)	(1.1)
Amortisation RoU	(0.2)	(0.3)	(0.2)	(0.5)	(0.3)	(0.5)	(0.7)	(0.7)	(0.7)
Depreciation	(0.2)	(0.6)	(0.5)	(0.5)	(0.5)	(0.8)	(1.0)	(0.7)	(0.8)
EBITDA (rptd.)	1.5	5.3	0.4	6.5	1.3	6.8	6.9	7.9	7.2
<b>EBITDA (adj)</b>	<b>1.7</b>	<b>5.6</b>	<b>0.7</b>	<b>7.3</b>	<b>0.4</b>	<b>7.2</b>	<b>8.0</b>	<b>7.2</b>	<b>7.5</b>
<i>Margin</i>	<i>4.8%</i>	<i>11.0%</i>	<i>1.9%</i>	<i>14.1%</i>	<i>1.3%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>8.6%</i>	<i>8.8%</i>
Financial income	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Financial expense	(0.1)	(0.5)	(0.2)	(0.6)	(0.3)	(0.7)	(0.8)	(0.8)	(0.8)
Associate	0.1	(0.0)	0.0	0.0	0.0	0.0	0.1	0.1	0.1
PBT (rptd.)	3.0	1.4	(0.6)	3.6	(1.4)	4.4	3.0	4.7	4.0
<b>PBT (adj.)</b>	<b>3.2</b>	<b>1.6</b>	<b>(0.3)</b>	<b>4.3</b>	<b>(2.3)</b>	<b>4.8</b>	<b>4.0</b>	<b>4.0</b>	<b>4.3</b>
Tax	(0.9)	(0.4)	(0.6)	(0.4)	(0.3)	(1.3)	(1.0)	(1.0)	(1.1)
PAT (rptd.)	2.1	1.0	(1.2)	3.2	(1.8)	3.1	2.0	3.7	2.9
<b>PAT (adj.)</b>	<b>2.3</b>	<b>1.2</b>	<b>(0.9)</b>	<b>4.0</b>	<b>(2.6)</b>	<b>3.5</b>	<b>3.1</b>	<b>3.0</b>	<b>3.2</b>
Basic wtd. Av. shares (m)						67.7	67.7	67.7	67.7
Diluted wtd. av. shares (m)						68.6	69.1	67.7	67.7
EPS rptd. basic (p)						1.49	1.55	2.47	1.27
EPS rptd. dil. (p)						1.47	1.52	2.47	1.27
EPS adj. basic (p)						1.68	2.37	1.08	1.42
<b>EPS adj. dil. (p)</b>						<b>1.66</b>	<b>2.32</b>	<b>1.08</b>	<b>1.42</b>

Source: Company data, Equity Development estimates.

Cashflow									
Year to 31 March (£m)	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
PBT (rptd.)	3.0	1.4	(0.6)	3.6	(1.4)	4.4	3.0	4.7	4.0
Finance (net)	0.1	0.5	0.1	0.5	0.3	0.6	0.6	0.7	0.7
Forex	(2.6)	2.1	(0.2)	0.8	1.2	(0.5)	0.6	0.0	0.0
Amortisation	0.5	0.5	0.5	0.6	0.6	1.1	1.2	1.2	1.1
Amortisation RoU	0.2	0.3	0.2	0.5	0.3	0.5	0.7	0.7	0.7
Depreciation	0.2	0.7	0.5	0.5	0.5	0.8	1.0	0.7	0.8
Impairment/Other	0.0	0.0	0.0	0.1	0.0	0.0	0.1	(1.0)	0.0
Associate	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)
Sh-based payments	0.2	0.2	0.3	0.1	0.2	0.4	0.4	0.4	0.4
Other	(0.0)	0.0	0.0	0.3	(0.7)	(0.0)	0.3	0.0	0.0
<b>Operating Cash Flow</b>	<b>1.6</b>	<b>5.6</b>	<b>0.7</b>	<b>7.0</b>	<b>0.8</b>	<b>7.2</b>	<b>7.7</b>	<b>7.2</b>	<b>7.5</b>
<b>Working capital</b>									
(Inc)/Dec inventories	(1.7)	9.4	2.5	2.2	(0.2)	7.8	4.7	(6.1)	2.1
(Inc)/Dec receivables	4.2	(4.9)	2.3	(7.3)	5.3	(0.7)	(5.0)	6.8	2.0
(Inc)/Dec payables	(1.6)	4.3	(0.8)	3.2	(5.6)	2.7	2.5	(1.0)	0.2
Provisions	0.5	0.9	0.0	0.5	(0.3)	1.4	0.6	0.5	0.5
Ch working capital	1.4	9.8	4.1	(1.3)	(0.8)	11.2	2.8	0.1	4.8
<b>Cash from operations</b>	<b>3.0</b>	<b>15.4</b>	<b>4.8</b>	<b>5.7</b>	<b>(0.0)</b>	<b>18.4</b>	<b>10.5</b>	<b>7.4</b>	<b>12.4</b>
Interest paid	(0.1)	(0.4)	(0.0)	(0.5)	(0.1)	(0.5)	(0.5)	(0.5)	0.0
Tax (paid)/received	(1.0)	(1.0)	(0.1)	(0.5)	0.6	(2.1)	(0.6)	(1.0)	(1.0)
Net from operations	1.9	14.0	4.7	4.7	0.5	15.9	9.4	5.9	11.3
<b>Investing activities</b>									
PPE	(1.3)	(2.3)	(0.4)	(0.1)	(0.1)	(3.6)	(0.5)	(0.6)	(0.6)
Sale of PPE/operations	0.0	0.0	0.5	0.5	0.4	0.0	1.1	0.0	0.0
Capitalised R&D	(1.3)	(1.1)	(1.5)	(2.6)	(1.8)	(2.4)	(4.1)	(5.0)	(4.8)
Finance	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Net used in investing	(2.5)	(3.4)	(1.3)	(2.1)	(1.4)	(5.9)	(3.4)	(5.4)	(5.3)
<b>Net OpFCF</b>	<b>(0.6)</b>	<b>10.7</b>	<b>3.4</b>	<b>2.6</b>	<b>(0.9)</b>	<b>10.0</b>	<b>6.0</b>	<b>0.5</b>	<b>6.1</b>
<b>Financing activities</b>									
Shares issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on leases	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)
Leases	(0.2)	(0.2)	(0.1)	(0.5)	(0.3)	(0.4)	(0.6)	(0.4)	(0.4)
Dividends	(1.8)	0.0	(2.8)	0.0	(1.1)	(1.8)	(2.8)	(4.0)	(6.0)
Net cash from financing	(2.1)	(0.3)	(3.1)	(0.6)	(1.6)	(2.4)	(3.7)	(4.5)	(6.5)
<b>Net increase in cash</b>	<b>(2.7)</b>	<b>10.4</b>	<b>0.3</b>	<b>2.0</b>	<b>(2.5)</b>	<b>7.6</b>	<b>2.3</b>	<b>(4.0)</b>	<b>(0.5)</b>
Cash start	14.3	12.9	21.7	21.1	22.4	14.3	21.7	22.4	18.4
Forex	1.3	(1.6)	(0.8)	(0.8)	(1.6)	(0.3)	(1.6)	0.0	0.0
<b>Cash end</b>	<b>12.9</b>	<b>21.7</b>	<b>21.1</b>	<b>22.4</b>	<b>18.3</b>	<b>21.7</b>	<b>22.4</b>	<b>18.4</b>	<b>17.9</b>

Source: Company data, Equity Development estimates.

Balance sheet									
Year to 31 March (£m)	H1 23	H2 23	H1 24	H2 24	H1 25	FY23	FY24	FY25E	FY26E
<b>Fixed Assets</b>									
Intangibles Net	35.1	35.6	36.6	38.4	39.6	35.6	38.4	42.2	45.9
PPE net	4.8	6.1	5.8	4.8	4.3	6.1	4.8	4.7	4.5
RoU Assets Net	1.6	4.3	3.9	3.7	3.3	4.3	3.7	7.5	13.4
Property Investments	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Deferred Tax	0.5	0.6	0.6	1.4	1.3	0.6	1.4	1.4	1.4
<b>Sum Fixed Assets</b>	<b>42.5</b>	<b>46.8</b>	<b>47.2</b>	<b>48.5</b>	<b>48.8</b>	<b>46.8</b>	<b>48.5</b>	<b>56.1</b>	<b>65.4</b>
<b>Current Assets</b>									
Inventories	32.9	22.4	19.5	17.0	16.7	22.4	17.0	23.1	21.0
Trade receivables	24.8	26.9	25.7	32.2	26.8	26.9	32.2	25.4	23.4
Tax assets, other	2.4	3.6	2.3	3.2	1.2	3.6	3.2	0.0	0.0
Cash, Equivalents	12.9	21.7	21.1	22.4	18.3	21.7	22.4	18.4	17.9
<b>Sum Current Assets</b>	<b>73.0</b>	<b>74.5</b>	<b>68.7</b>	<b>74.7</b>	<b>63.0</b>	<b>74.5</b>	<b>74.7</b>	<b>66.9</b>	<b>62.3</b>
Total Assets	115.5	121.3	115.9	123.3	111.7	121.3	123.3	123.0	127.8
<b>Current Liabilities</b>									
Trade payables	(13.2)	(14.5)	(15.0)	(17.4)	(10.8)	(14.5)	(17.4)	(16.4)	(16.6)
Provisions	(4.5)	(5.2)	(5.3)	(5.9)	(5.1)	(5.2)	(5.9)	(5.9)	(5.9)
Tax, Other	(0.9)	(2.4)	(1.2)	(2.0)	(0.9)	(2.4)	(2.0)	(2.0)	(2.0)
Dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.0
<b>Sum Current Liabilities</b>	<b>(18.7)</b>	<b>(22.2)</b>	<b>(21.6)</b>	<b>(25.2)</b>	<b>(16.9)</b>	<b>(22.2)</b>	<b>(25.2)</b>	<b>(24.2)</b>	<b>(24.4)</b>
Total Assets less CL	96.8	99.1	94.3	98.0	94.9	99.1	98.0	98.8	103.4
<b>Long-term Liabilities</b>									
Deferred tax	0.0	0.0	(3.2)	(1.3)	(1.3)	0.0	(1.3)	(1.3)	(1.3)
Leases	(1.7)	(3.6)	0.0	(3.4)	(3.1)	(3.6)	(3.4)	(3.4)	(3.4)
<b>Sum Long-term liabilities</b>	<b>(1.7)</b>	<b>(3.6)</b>	<b>(3.2)</b>	<b>(4.7)</b>	<b>(4.4)</b>	<b>(3.6)</b>	<b>(4.7)</b>	<b>(4.7)</b>	<b>(4.7)</b>
Total liabilities	(20.4)	(25.8)	(24.8)	(29.9)	(21.2)	(25.8)	(29.9)	(28.9)	(29.1)
Net Assets	95.1	95.6	91.1	93.4	90.5	95.6	93.4	94.1	98.7
<b>Capital &amp; Reserves</b>									
Share Capital	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Share Premium	63.3	63.3	63.3	63.3	63.3	63.3	63.3	60.0	61.7
Reserves	3.1	2.6	1.9	1.6	1.2	2.6	1.6	1.6	1.6
Retained earnings	13.9	13.9	12.9	15.8	14.3	13.9	15.8	19.5	22.4
Non-controlling interests	11.4	12.3	9.0	9.7	8.3	12.3	9.7	9.7	9.7
<b>Equity</b>	<b>95.1</b>	<b>95.6</b>	<b>90.6</b>	<b>93.4</b>	<b>90.5</b>	<b>95.6</b>	<b>93.4</b>	<b>94.1</b>	<b>98.7</b>
Net debt / (cash) pre IFRS16	(12.9)	(21.7)	(21.1)	(22.4)	(18.3)	(21.7)	(22.4)	(18.4)	(17.9)
Net debt / (cash) IFRS16	(11.2)	(18.1)	(21.1)	(19.0)	(15.2)	(18.1)	(19.0)	(15.0)	(14.5)

Source: Company data, Equity Development estimates.



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